Tradequity
A Newsletter of CUTS Africa
Year 9, No. 2/2010

A Framework for African Agricultural Productivity

The Comprehensive Africa Agricultural Development Programme (CAADP) has been endorsed by the African Heads of State and Government as a framework for the restoration of agriculture growth, food security, and rural development in Africa. CAADP's goal is agriculture led development that eliminates hunger, reduces poverty and food insecurity, opening the way for export expansion.

This ambitious and comprehensive vision for Africa was kicked off with the 'Maputo Declaration,' a commitment by all African countries to increase government spending on agriculture to 10 percent of their total budgets and reach an annual growth rate of six percent by 2015.

In the Common Market for Esatern and Southern Africa (COMESA) region only six countries have signed the CAADP with Malawi being the most recent one. It also envisaged that through signing this declaration, countries' agriculture systems could be enhanced and help economic growth.

Malawi signed the CAADP compact on April 19, 2010, joining five other COMESA countries that have signed between the year 2007 and 2010 namely Rwanda, Burundi, Ethiopia, Swaziland and Uganda. According to the COMESA website, the high level ceremony was hosted by Malawi's Deputy Minister of Agriculture and Food Security, Hon Margaret Roka Mawa in the capital Lilongwe.

By signing the CAADP compact, the Government of Malawi committed itself to sustain or increase the CAADP recommended 10 percent of the national budget to the agriculture sector, with the view to achieve at least six percent agricultural growth. It is also worth mentioning that at present, the Republic of Malawi is well above the CAADP target with an eight percent growth and 14 percent of the national budget going to agriculture.

However, according to Minister Mauwa, "The Signing is significant in advancing the Government of Malawi's vision and commitment to economic development in that it clearly props up the Malawi Agriculture Support Wide Approach (ASWAP) that spells out Malawi's prioritised and harmonised Agricultural Development Agenda".

The minister is further quoted saying "Malawi committed itself to strengthening the quality of data to enhance monitoring and evaluation systems necessary to track ASWAP results; the regular reporting of ASWAP accomplishments; and to the contracting of an adequate number of qualified personnel for ASWAP oversight and implementation.

The importance of agriculture for both food security and trade cannot be overemphasised. With this sector generating about 80 percent of foreign exchange for Malawi and subsequently 39 percent of the Gross Domestic Product (GDP), other countries in the regions need to emulate the efforts and commitment that Malawi has invested to this sector. Zambia, for example, has not yet committed herself to the CAADP but did make a commitment to the Maputo Declaration.

However, the country has not fulfilled the requirement of the declaration of allocating 10 percent as the current allocation stands at not more than five percent despite mapping agriculture as one potential area for diversification from the dependence of the traditional reliance on extractive industries (copper) for foreign exchange.

Therefore, if countries could emulate the path which Malawi has taken to leverage more resources and attention to the agriculture sector, then the countries could enhance their economies through increased food production and achieving food and nutrition security for many of households as well as trade.

IN THIS ISSUE

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WB Provides Aid for Infrastructure

Infrastructure development is key to any country's economy. Africa has been challenged to development its infrastructures if it has to benefit from its natural resources. World bank estimates that a total of about US$42bn is needed for Africa to develop its infrastructure particularly the road sector.

World Bank Vice President for Africa Obliageli Ezekwesili said engaging the private sector is one alternative for raising the much needed funds. Infrastructure in Mauritius is well-developed with well maintained road networks in very good condition, with a number of kilometers of roads being paved. The road system is sufficient to hold the country's traffic volume. *(ZDM, 21.04.10)*

SA Tourism Industry Still Down

New statistics from South Africa show that hotels are not yet getting busier after the financial crisis. Fewer tourists are looking for cheaper accommodation in early 2010, compared to 2009. According to the government agency Statistics of South Africa, total income for the country's accommodation industry in February 2010 decreased by 2.8 percent compared with February 2009.

South Africa, as a long-distance destination, has suffered greatly from the financial crisis and its negative influence on the tourism industry. The industry now pins it hopes on the World Cup, expecting good accommodation prices and fully booked hotels. The new statistics nevertheless present a somewhat positive outlook for the industry. *(AN, 23.04.10)*

Kenya Feels the Heat

Kenya's position as East Africa's investment hub is set to come under renewed pressure, economists said, citing sustained high level growth in neighbouring Uganda and Tanzania. Uganda's economy is expected to grow at the rate of 7.4 percent in 2010 and accelerate to 7.9 percent in 2011, according to the African Development Bank (AfDB) and the Organisation for Economic Cooperation and Development (OECD).

Investors, among other things, consider the rate of economic growth as key to deciding where they put their money – a reality that makes Kenya less attractive and raises Uganda's profile as an investment destination that guarantees higher returns. *(BD, 02.05.10)*

China-Africa Development Pact

In spite of the global economic crisis, Chinese financial commitment to Africa has steadily increased through infrastructure development, government funding programmes, merger and acquisition activity, as well as the purchase of natural resources as both sides vow to expand the new strategic partnership for mutual growth and development.

"China has really played an important role in the future of Africa's growth as the partnership in the past few years continues to grow. China is one of the emerging markets with South Africa and Brazil," said Katherine Tweedie, Director and Head of Africa, World Economic Forum. The partnership between Africa and China would develop into a new era of alignment with new initiatives for mutual growth and development.

(Xinhua, 30.04.10)

Burkina Faso's Growth Stable

The economic crisis has affected the economy of Burkina Faso only in a limited way. Despite dry whether conditions and low cotton prices, GDP growth has only been slightly reduced. According to the latest analysis of the Burkinabe economy by the International Monetary Fund (IMF), GDP growth was reduced from 5.2 percent in 2008 to 3.2 percent in 2009.

However, 2009's GDP growth was somewhat below Burkina Faso's estimated population growth, thus representing a negative per capita growth. The Burkinabe population, with an annual growth rate at 3.4 percent, is among the highest in the world, posing a strong challenge to efforts to lift the population out of poverty. *(AN, 17.06.10)*

EU to Keep African Aid Promises

The EU's development commissioner, Andris Piebalgs, has called on member states to keep to the promise of fighting hunger and poverty in the world and in ensuring that the region remains the leader in helping Africa towards the attainment of the Millennium Development Goals (MDGs). He further urged member states to draw up annual plans for increasing development aid and using money more effectively.

The EU has also pledged to increase aid to Africa more than other development aid in a concerted effort to fight poverty on the continent. Close to 2 billion people in the world are said to be living in abject poverty, with sub-Saharan Africa (SSA) said to be one of the regions lagging behind the rest of the world. But despite increased EU aid to Africa, development cooperation is still too little to meet the MDGs in Africa.

(AN, 22.04.10)

African Markets Open to Recover

Africa has relied less on trade protection to recover from the global recession than the advanced economies. However, among those African countries that did implement protectionist measures, South Africa led the way.

Other African countries included Egypt, Morocco, Tunisia and Kenya was described as "relatively protectionist". African countries broaden their production bases to make their economies more resilient and reduce production costs, which are hampering efforts to compete on export markets. Urgent attention needs to be paid to infrastructural deficiencies. A reduction in these constraints can decrease the cost of production, which in turn will improve market access for African goods and services. *(BR, 08.06.10)*

SA NTBs block Zambia Honey

As both tariffs other traditional trade barriers are being progressively lowered, there are glowing concerns about the coming of non tariff barriers (NTBs) such as sanitary and phytosanitary measures (SPS) and technical regulations and standards with South Africa being most recent to be accused. A Zambian honey producing company, Forest Fruits Limited, has accused the South Africa government of applying NTBs through making it mandatory for food products to be radiated for diseases when entering its borders.

Christian Newej, Operations Manager, Forest Fruits Limited acknowledged South Africa's bigger market share in the region for honey but indicated that his company cannot have its honey radiated for fear of losing taste. Fruits Limited honey products are certified by Ecocert, a European organics certification company that certifies organic foods in more that 80 countries.

(ZDM, 05.04.10)

Zambia Namibia DRC sign MoU

Zambia, Namibia and the Democratic Republic of Congo (DRC) have signed a memorandum of understanding (MoU) aimed at addressing bottlenecks that hinder the smooth flow of cargo along the corridors of these countries (the Walvis Bay-Ndola-Lubumbashi Corridor). The MoU will enhance partnership towards development of the Walvis Bay-Ndola-Lubumbashi Development Corridor (WBNLC).

The co-operation is further aimed at trade development meant to reduce the time spent at the borders along this corridor. The agreement covered trade facilitation and spatial development along the corridor further included regional and international transport, the stimulation of economic and social development in the territories of the countries and the partnership between public and private sectors. *(ZDM, l 9.04.10)*

SA to move on India PTA

South Africa will approach the proposed preferential trade pact with India ambitiously, and will look to achieve the bilateral trade target of US$10bn by 2012. The pact would emphasise complementarity and boost development and industrialisation efforts. Bilateral trade between India and SA is around US$4.5bn annually, while investment flows are in the range of US$3.5 to US$6bn.

According to Commerce and Industry Minister Anand Sharma, the agreement will also pave the way for both the countries to engage with other members of Southern African Customs Union (SACU). The PTA will initially entail tariff cuts on a limited number of products and could subsequently be expanded into a full-fledged free trade agreement.

(ET, 07.06.10)

Zambia to Safeguard Industries

The WTO has reviewed notifications on the new and amended legislation that Zambia submitted aimed at safeguarding its local industries against cheap imports. Zambia has notified the WTO's Safeguard Measures Committee on its new and amended legislation to safeguard industries from cheap imports which were reviewed on April 26, 2010.

According to the country's Director of Foreign Trade in the Ministry of Commerce, Trade and Industry, Peggy Mlewa, the notifications were for the protection of specific industries from an influx of certain imports that might threaten the sustainability of particular products.

She said the safeguards that Zambia submitted related to three remedies that were provided by the WTO applicable when the country faces any trade distortion at any time. *(Xinhua, 31.05.10)*

Crunch Time for EU, EAC Talks

Talks on new trade between the EAC and the EU enter a critical stage when EAC trade ministers meet in Arusha, Tanzania. The areas the EU and the EAC are yet to agree on are development cooperation, the most favoured nation clause and trade in services.

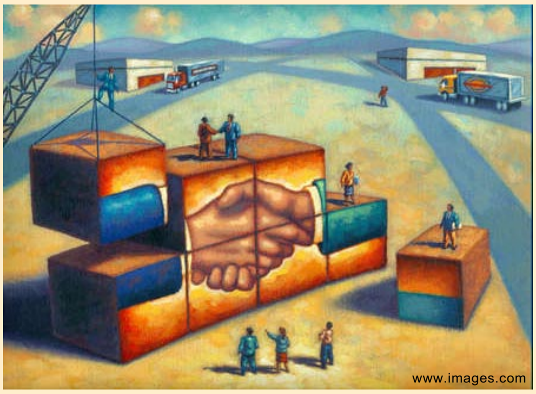
EAC member states are negotiating a new trade arrangement known as the Economic Partnership Agreement (EPA) to replace the non-reciprocal trade preferences granted under the 2000 Cotonou Agreement. The new agreement seeks to compel African, Caribbean and Pacific (ACP) countries to also allow EU exports in duty free. The parties are expected sign a comprehensive EPA by December 2010. *(BD, 16.04.10)*

Kenya's Carbon Trade Plans

Kenya has announced plans to establish a regional carbon emissions trading scheme to steer Africa's carbon market. A framework for carbon trading – in which polluters buy and sell the right to emit carbon – would be set up to outline how to register to participate in the scheme, how revenue would be shared and how to ensure accountability.

The framework would also describe development areas to be funded by the resources generated from the scheme. A carbon credit investment framework would help streamline conservation efforts and alleviate poverty in the country, as it has the potential to attract billions of Kenyan shillings annually. *(SciDev.Net, 23.06.10)*

Zambia Malawi Trade Simplified



Zambia and Malawi are expected to launch a simplified trade regime. The two countries plan to simplify their trade transactions. The simplified trade regime is a new system developed within the COMESA region to ease the cost of doing business among cross-border traders.

Zambia's Ministry of Commerce, Trade & Industry Permanent Secretary Buleti Nsemukila, said regulations and guidelines surrounding trade across borders have been so complicated and mostly are understood only by people with huge businesses, hence the introduction of the simplified trade regime. He said the two governments' wants to help traders use the border post instead of them evading customs because of challenges and guidelines they continue to face. *(ZDM, 28.04.10)*

Kenya Ahead of WTO Meet

Kenya will defend the preferential tariff treatment it enjoys under the WTO for horticultural exports in the next round of trade talks scheduled for 2011. The government will negotiate policies and positions to diversify from traditional exports, while stepping up value addition initiatives for its products.

As a key horticulture exporter, Kenya is keen to maintain this position by pushing for WTO agreements that will favour the current arrangement. Kenya has to diversify its traditional exports, including horticulture, and step up value addition initiatives to benefit from international trade. This will not only increase exports, but also create more employment and wealth opportunities.

(TS, 14.06.10)

Kenyan Price-Fixing Bill Slammed

The local business community may not fully reap from the booming cross-border trade for consumer commodities following the passing of a new Bill by the Kenyan Parliament seeking to allow the treasury to fix prices of essential goods.

The Bill allows the Kenyan government to determine the cost of petrol and diesel, maize, maize flour, sugar, rice, wheat, wheat flour, kerosene and cooking fat. This implies that Ugandan companies exporting the products to Kenya would have limited alternatives since they would be forced to sell at the dictated prices or look for alternative markets in the region in case the overheads they incur through exporting to Kenya surpass sales returns.

(NV, 27.06.10)

Africa-India Cotton Partnership

India has pledged to offer technical assistance to Uganda's cotton sector in order to improve the cotton value-chain and establish the country as a major apparels producer. The deal includes training farmers in best agronomical practices, providing ginning and textile technology for small-and-medium entrepreneurs, research and development, and establishing a fabric and garment training institute.

The move also aims at strengthening the coalition between developing nations to increase bargaining power in negotiations with the large trading powers at the WTO talks.

India's new strategy comes at a time when African countries at the WTO negotiations demand technical assistance and the cutting of subsidies given by the developed nations to their farmers to ensure competitiveness and fair play.

(NV, 25.05.10)

SA, Congo to further Trade

Trade between South Africa and the Republic of Congo reached a peak in 2009. South African President Jacob Zuma said that the countries are planning to establish a joint trade committee in an effort to further implement and develop the bilateral trade agreement signed between them in 2005.

He said that the committee would be "better placed" to, among other issues, analyse the status of bilateral trade between the two countries. Further, Zuma said that even though the Congo's oil and petroleum sector was its biggest revenue earner and contributes more than 60 percent of the country's nominal GDP, agriculture and other industries are equally important for trade activities.

(ENO, 12.04.10)

MPs to Have Say in Foreign Deals

Parliament's trade and industry committee wants MPs to play a greater role in negotiating international agreements and has urged that the legislative framework and rules for dealing with them be reviewed. Currently, Parliament merely ratifies agreements which have already been signed by the participating countries and has no say in deciding their terms and conditions.

A recent example was the bilateral investment treaty between SA and Zimbabwe which some MPs - particularly from opposition parties - believed did not go far enough in protecting South African investments. The committee said resources should be allocated to allow it to participate in negotiations and for committee members to accompany trade negotiators as observers during negotiations on major agreements.

(BD, 05.05.10)

Africa in 'Grand' Textile Strategy

A group of 18 African countries plan to develop a joint textile manufacturing chain which will make products from the region more competitive in the global market. The plan, which aims at producing "garments manufactured in Africa", will see the value chain from the cotton seed to finished garments broken into stages and each assigned to different countries with a comparative advantage.

The new strategy by the Africa Cotton & Textile Industries Federation (ACTIF) is a departure from the current scenario in which African countries largely export cotton to other continents for processing into clothes. Africa grows 12 percent of the cotton in the world, out of which 95 percent is exported in that form. The manufactured garments would be promoted as products of an eco-friendly process from the farm to the time they leave the factory as clothing. *(TEA, 12.04.10)*

Uganda Appeals to WTO

Uganda has appealed to the World Trade Organisation (WTO) to reject Canada's tobacco law that will negatively impact agricultural economies of tobacco growing countries. Uganda's delegation to the WTO joined 16 other countries including the European Union (EU), US, Mexico, Tanzania, Malawi and Kenya in this appeal which was lodged under a banner theme "WTO Agreement on Technical Barriers to Trade and General Agreement on Trade and Tariffs 1994".

Uganda is a significant producer of the world's tobacco leaf. Uganda's total crop is bought by cigarette manufacturers for use in both domestic and export production. In 2009, tobacco leaf exports earned Uganda US$34mn in foreign exchange. Measures which restrict blended cigarettes will, therefore have a detrimental effect on Uganda's tobacco production and finished goods exports.

(EABW, 28.06.10)

EAC Common Market opens

The EAC would enter into a Common Market Protocol on July 01, 2010. However, the actualisation of the Protocol may take a while as the process will require a review of national laws which at the moment do not conform to the EAC Common Market Protocol. The bloc will create a market of close to 130 million people and a combined GDP of US$80bn, making it one of the largest trading blocs in Africa.

The Protocol has already been ratified by member states. It opens door for free movement of goods and persons as well as providing for the rights of establishment, rights of residence and free movement of services and capital as agreed by member states, removing all restrictions to these rights. *(EABW, 30.06.10)*

SACU Reviews Revenue-sharing

The Southern African Customs Union (SACU has initiated an independent evaluation of the current revenue-sharing agreement, in line with a recent SACU Council of Ministers resolution. The formula has in fact emerged as a key point of contention between the member countries, with South Africa, in particular, arguing that it was serving to undermine the adoption of more strategic trade and investment policies.

The formula uses three components to calculate revenue shares for member states: a customs component, an excise component, and a development component. The customs share is allocated on the basis of each country's share of intra-SACU imports; the excise element is allocated on the basis of each country's share of GDP; and the development component is fixed at 15 percent of total excise revenue, distributed according to the inverse of each country's per capita GDP. *(ENO, 22.06.10)*

SADC to 'Integrate' Trade Efforts

Members of the SADC need to integrate their trade objectives in order to strengthen the bloc's trade position with Asia. SADC has a wealth of resources which put it in a position to exploit its advantage over a "resource-hungry" Asia.

As more countries recover from the economic crisis, demand for commodities will increase, giving the community a chance to increase its trade volumes, which had suffered during the crisis. This would allow the region and Africa at large to attract more investment needed to make up an investment gap of US$93bn.The region needs to finance this lag through investment as it is too big to be financed through fiscal policy, aid or a combination of both. *(BD, 28.06.10)*

Zambia Leads in AGOA Initiative

Zambia is expected to lead African countries' engagement in using the African Growth Opportunity Act (AGOA) initiative in August 2010. The Act, signed into law by the US government on May 18, 2000, as Title 1 of The Trade and Development Act of 2000, offers tangible incentives for African countries to continue efforts to open their economies and export goods to the US duty-free.

Zambia was taking leadership in the Aid-for-Trade initiative under the North-South Corridor programme and is sourcing finances for regional infrastructure development. The initiative has enabled regional economic communities of COMESA, EAC and SADC and the international community to implement an economic corridor-based approach to reduce costs of doing business in SSA. *(ZDM, 05.05.10)*

COMESA's NTBs Concern

The increase in NTBs in the US$350bn COMESA is causing concern among some member states. The countries are expressing fear that efforts to establish a fully functional customs union, launched in 2009, may be hampered if the problem is not tackled fast and swiftly.

Some of the barriers cited include quality inspections, delays in inspection of commercial vehicles, cumbersome and costly quality inspection procedures, and un-standardised quality inspection and testing procedures. Others are lack of transparency and consistency in customs procedures, high freight and transport charges, and wide-ranging health and safety requirements. *(TEA, 10.06.10)*

ECOWAS defends EU

The Economic Community of West African States (ECOWAS) has vigorously defended its insistence on substantial EU contribution to a comprehensive regional programme to develop West Africa's infrastructure. The contribution is also meant to help the region cope with the adjustment costs, particularly the destabilising effects of an EPA on the regional economy.

The EPA Development Programme (EPADP) would help West Africa address its infrastructure deficit and improve the competitiveness of its products so that the EPA will become mutually beneficial for producers in the two regions, instead of becoming a tool for dumping EU goods into the West African market. *(AN, 06.05.10)*

COMESA to Miss FTA Deadline

The COMESA Secretary General Sindiso Ngwenya warned member countries that the regional body might fail to achieve a duty free trade area (FTA) by 2012 as planned due to delays by some countries to submit their tariff alignments proposals.

He said member countries of the regional bloc should be prepared to make 'hard' political decisions in order to achieve its objective of creating a Customs Union (CU) with same tariff charges. COMESA, a trade body of 19 countries across the African continent, launched a CU in June 2009 in the resort town of Victoria Falls where the Heads of State agreed on a three year transitional period to fully implement the CU. *(TZ, 24.06.10)*

ZACA Opposed Power Hike

The Zambia Consumer Association (ZACA) has opposed the proposed 36 percent tariff increment by ZESCO and called on the Energy Regulation Board (ERB) to reject the application. ZESCO has been awarded several hikes but it has not improved its quality of service to customers and it was unthinkable to hike the tariff by the company and at such a margin.

The company has abused its monopoly position for too long adding that it was high time the ERB took a firm stand regarding the operations of ZESCO. If the ERB can not take bold measures to protect consumers from ZESCO's abuse, then the board itself should be disbanded. Domestic consumers in Zambia were paying exorbitant electricity bills.

(TP, 26.10.10)

Consumers Take Up Cudgels

Consumers are raising the alarm over substandard goods and calling on the authorities to enforce the laws to rein in the rogue traders. Consumer theft is the biggest personal crime, a new survey says, pointing to the possibility of increased rights awareness and a possible backlash against unscrupulous businessmen thriving on fakes, wrong measures and false weights.

Kenya does not have a consumer protection law, with the Consumer Protection Bill 2010 being developed by the Kenya Law Reform Commission and Consumer Information Network among other groups. The new findings will help put pressure on the government agencies to tighten enforcement role in protection of consumers at a time when more substandard goods and services are being peddled. *(BD, 22.05.10)*

Africa Losing in Energy Deals

Africa stands to lose billions of dollars because lack of economic incentives and inadequate regulatory regimes made the continent unattractive for wind power companies. Eduardo Gonzalez, Spain's representative to the Global Wind Energy Council (GWEC), said the world's poorest continent fares worst when it came to wind power generation.

He said the GWEC estimated that total global new investments in clean energy projects would top US$200bn in 2010, rising from 2009's US$162bn. South Africa's wind industry is the least developed with less than 10 MW of capacity in comparison to 400 MW in Egypt. He further said they would not invest in South Africa until there was stability in the regulation of the wind energy sector. *(Reuters, 14.05.10)*

WB Targets Africa's Malaria Fight

African states still not covered with malaria treated nets will be given priority in the new funding, committed and aimed at meeting the 2010 target of eradicating the killer disease. Backing a call for greater action from the United Nations Special Envoy for Malaria, the World Bank has committed US$200mn to provide people in SSA with treated bed nets to protect them from a disease that kills nearly 1 million people every year.

To date 200 million mosquito nets have been delivered across SSA, affording protection to half of the world's population at risk of malaria, and 100 million more are being produced and delivered. The new funding will provide half the remaining 50 million nets needed to ensure the 2010 goal is met.

(AN, 23.04.10)

Biodiversity in Africa Declining

The status of biodiversity "is progressively declining" in African protected areas according to environmentalists. Over half of the protected areas investigated in a study showed degrading biodiversity.

These negative figures were unveiled by the environmentalist group BirdLife which is working in 22 countries in Africa in over 1,200 "Important Bird Areas", had compiled a study over biodiversity in many of those protected areas.

BirdLife's monitoring tool is a useful tool and can be used by governments to identify threats, assess their impacts and that of conservation action while at the same time helping to develop solutions. At the same time there had been a general increase of threats facing protected areas.

(AN, 12.04.10)

Ghana Boom in e-Waste Imports

Despite international conventions prohibiting the export of dangerous waste to developing countries, enormous quantities of outdated and destroyed electronic equipment from Europe end up in Ghana's Agbogbloshie dump.

Only in the major port of Ghana, Tema, each month some 600 40-foot containers of outdated electronic equipment arrive from all over the world, mostly comprising old computers, TVs and refrigerators. The traffic in waste or almost-waste products to Ghana is on the increase.

Only about one quarter of the electronic goods are capable of being reused and end up in the stores of second-hand shops around the region.

(AN, 17.07.10)

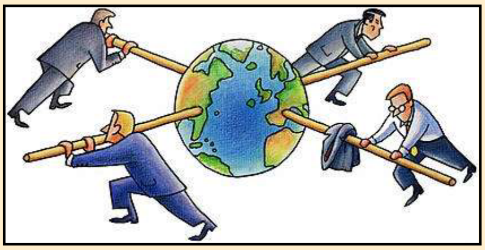
China to Invest in Power Plant

China plans to spend US$1bn to help build a power plant to boost Zambia's electricity supply by 600 megawatts. China was ready to provide equity amounting to US$1bn for the Kafue Gorge Lower power plant. Construction of the plant was expected to begin in 2011, and will be completed in 2017.

The government has said the Kafue Gorge Lower power plant, estimated to cost US$1.5bn, will help reduce a power deficit expected in 2011, due to increased mining output as more foreign owned mines bring their new projects into production. Zambia generates 1,400 MW of electricity and consumes about 800 MW but demand rises to 1,500 MW at peak times. *(Reuters, 12.05.10)*

Special Article

The Road to Zambia's Competitiveness



Trade can and should be an engine for growth and development. Improved trading opportunities can be particularly helpful for countries like Zambia as they have the potential to contribute to the development of domestic productive capabilities and better competitiveness. Zambia's competitiveness both locally and abroad in the last decade is shrouded in mystery with the economy having undergone ups and downs with no proper synopsis of how the GDP gains would be further enhanced. There are a number of market access offers which Zambia can explore if it were competitive. However, despite these market access preferences, the country remains ill equipped to take full advantage of existing opportunities. Apart from FTAs, the country is also part of the other agreements where it is receiving non reciprocal market access offers such as the AGOA. Although these market access offers come with certain NTBs, Zambia is still uncompetitive as compared to countries such as Kenya which also access such markets.

Constraints

Trade policy capacity

Zambia is not having a proper driving force for implementation of programmes and policies it designs. The question arises whether the country has the potential to do the actual field work, or technocrats are required to be engaged to perform the task. This has hindered output, economic efficiency and competitiveness.

Economic Infrastructure

The major economic infrastructure constraints arise from poor physical infrastructure which includes road network, railways, air transport, telecommunications and energy generation and supply.

Supply side constraints

In Zambia, many companies especially in the private sector that produce export goods or commodities are not export ready and lack the capacity to produce enough to export, while in some cases, inadequate finance, knowledge and technical know how is lacking.

The Road to Competitiveness

The road to making Zambia competitive continues to be one area that has over time attracted debate from the cross sections of society. It is, however, important to re-emphasise the importance of applying domestic administrative measures if the country wants to be competitive.

Prioritisation of 'Aid for Trade'

The design of an aid for trade framework involves three key questions. There is a 'needs' question: "What should be funded?"; there is an instrument question: "In what form should the money be given?"; and an institutional question: "Who should manage the transfer?". Zambia has only managed to answer last two questions. Hence, the country should prioritsie aid for trade needs in order to benefit from this initiative. Zambia is faced with enormous trade infrastructure challenges which could be addressed through such an initiative.

Drafting of an Export Strategy

Zambia under its Trade Expansion agenda in 2005 identified and prioritised the drafting of a national export strategy. There is a need to expedite the strategy as it will serve as a platform for future activities/programmes.

Investment Opportunities

There is need to improve the quality of investment policies as they directly influence the decisions of all investors. Investment is key to drive economic growth. Incentive to assist domestic firms to increase their levels of efficiency also need to be put in place and this would therefore, help them to withstand increasing competition in the domestic market.

Strengthening of Competition Regime

In Zambia, a Competition and Fair Trading Act was enacted in 1994 and in 1997 the Zambia Competition Commission (ZCC) was set up to administer the Act. The Act does not give ZCC enough and adequate enforcement powers to monitor unsuspecting offenders of competition. Further, not all market players in nine provinces of Zambia are able to access ZCC's services as the commission. Therefore, there is an essential need to strengthen and decentralise the ZCC.

Standards and Quality Mechanism

Zambia is suffering from a syndrome of un-competitiveness because of lack of a proper mechanism to implore standards and quality measures. It is important that the issues related to standards, quality and assurance are imparted to all business players so that they have proper knowledge of standards and quality at the time of producing. This will strengthen the export support network by upgrading the level of standards and quality of services.

Value Addition

There is need to stimulate and encourage value addition activities on primary exports as means for increasing national earnings and inflows. Exporting value-added products will entail Zambia retaining more of the final price or value of the product.

Conclusion

In conclusion, Zambia has great potential to be competitive in the region and the world as it is endowed with natural resources which can lead the country to become economically competitive. The country provides sufficient productive resources and if enhanced political will combined with administrative efficiency and adequacy can lead to economic structures being modified to benefit the economy.

– Extracted from the paper entitled, 'The Road to Zambia's Competitiveness' by Simon Ng'ona, Research Assistant, CUTS ARC, Lusaka

Recent Event

Strengthening the Role of Civil Society in Deepening EAC Regional Integration

CUTS Africa Resource Centre (CUTS ARC), Nairobi jointly with CUTS Geneva Resource Centre (CUTS GRC) under the project entitled, 'Building an Inclusive East Africa Community' (BIEAC) organised a regional workshop on 'Strengthening the Role of Civil Society in Deepening EAC Regional Integration' in Nairobi, Kenya on May 27-28, 2010. The aim of the BIEAC project is to empower and strengthen civil society in the EAC in their roles as proactive agents in the promotion and deepening of regional integration in EAC.

The objectives of the workshop were to:

- Provide a forum to share the BIEAC Phase-II research outputs with the civil society and other stakeholders from all five EAC countries involved in and/or relevant to the implementation of the project in order for them to use it in their advocacy initiatives of promoting and enhancing the benefits of EAC regional integration; and
- Provide a discussion forum to deliberate on various aspects of the involvement of civil society organisations (CSOs) in regional integration in EAC.

PUBLICATIONS

Cartel Prevalence in Africa: A Diagnostic Study

Most of the African continent is marked by poor competition enforcement – the reasons vary from absence of competition legislation to poor enforcement or structure of existing legislation to widespread corruption. One dangerous outcome of such poor enforcement is the free play of cartels in the African continent with adverse consequences in the form of high prices, low outputs and depressed demand. This paper examines cartels from the African perspective. It tries to relate existing literature on cartels to information on cartels in Africa with the aid of a few examples. The paper explores factors that have contributed to making the continent prone to cartelisation, and the economic implications of such cartels; it also explains why there should be more concern about cartels in Africa.

This Briefing Paper can be viewed at: http://www.cuts-ccier.org/pdf/Briefing_Paper10-Cartel_Prevalence_in_Africa-A_Diagnostic_Study.pdf

Why Should India Be Bothered About EPAs?

This note summarises the impact of Economic Partnership Agreements (EPAs) and interim EPAs, between European Union (EU) and African Nations, on growing trade relations between India and Africa. Certain clauses such as Most Favoured Nations (MFN) clause in the interim EPAs are a concern for growth prospects of Indo-African cooperation. There is a threat of reduction of political negotiating space and restriction on the potential use of Enabling clause in the WTO. The note highlights key points of Africa-EU trade agreements which need close attention of both Indian and African policy makers.

http://www.cuts-citee.org/pdf/Why_Should_India_Be_Bothered_About_EPAs.pdf

Sources

AN: Afrol News; BD: Business Daily; BR: Business Report; EABW: East African Business Weekly; ENO: Engineering News Online; ET: Economic Times; TEA: The East African; TP: The Post; TS: The Standard; TZ: The Zimbabwean; ZDM: Zambia Daily Mail

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