

# Tradequity

A Newsletter of CUTS Africa

Year 3, No. 1/2004

## Are EPAs Kicking Away the Poor's Ladder?

We live in a world where, every now and then, we are confronted with conflicting claims, even by nations friendly to us. On February 7, 2004, 16 East and Southern African (ESA) countries from the Africa, Caribbean and Pacific (ACP) group of states officially launched bilateral trade negotiations with the European Union (EU) for World Trade Organisation (WTO) compliant 'Economic Partnership Agreements' (EPAs). The meeting, which took place in Port Louis, Mauritius, aimed at agreeing on the structure and road map of the negotiations, as well as discussing regional priorities and mainstreaming development concerns into the negotiating process.

While the European Commission and many of the Ministers from the African countries welcomed the launching of talks, there are concerns over the potential negative impacts of reciprocal trading arrangement with the EU on a majority of the African people. The launching of these negotiations makes it the third group to initiate such EPA negotiations, following Economic Community of West African States (ECOWAS) and 'Communaute' Economique' et Monitaire de l' Afrique Centrale (CEMAC) in early October 2003.

### Expectations

Speaking prior to his departure for Mauritius, the EU Trade Commissioner, Pascal Lamy, said "The EPA negotiations with Eastern and Southern Africa will follow a hands-on approach: development is the objective, trade one of the tools". Echoing similar sentiments in his opening address to the Ministers, the ACP Secretary-General, H E Jean-Robert Goulongana, outlined his expectation that EPAs should "act as instruments of sustainable development in ACP countries," promoting "increased production and supply capacity, thereby facilitating their integration into the world economy".

### Is it Development?

An undercurrent of disquiet is developing among civil society to steer negotiations towards a face of social responsibility. This stems from the concern that the EU may be using EPAs to open markets in ACP countries

before local producers are ready and able to compete with their EU counterparts. There is also the question of power imbalance, where one negotiating party is dependent on the other for the bulk of its aid (as the African countries are).

What about issues under the EPA banner that have received a cold response in the WTO – viz. investment and competition? Would it not be more effective if negotiations on these issues were finalised at the multilateral level (for example rules on regional trading agreements) prior to proceeding at the bilateral ACP-EU level?

EPAs are also likely to hijack the ACP regional integration initiatives by:

- narrowing down regional co-operation and integration processes to trade liberalisation;
- forcing the scope and pace of that liberalisation;
- breaking up of regional configurations; and
- wanting to be part of any region (EPA negotiations as foreseen by the EU will establish Free Trade Areas between the EU and West Africa, the EU and Central Africa, the EU and East and/or Southern Africa, the EU and the Caribbean, and the EU and the Pacific).

Adjustment costs for the ACP countries, as they open up to EU exports, will require significant funds for investments in ACP production and supply capacities, social and other accompanying or compensatory measures which are simply not available within ACP countries that have been weakened by the commodity crises, structural adjustment, debt, the HIV pandemic and war. On the EU side, no such efforts will be required.

Lost revenue through elimination of tariffs will impact on government revenue as many ACP countries rely heavily on import taxes for their fiscal income. This will require investments in alternative tax systems. It is doubtful whether alternative tax systems in some countries can provide an equal amount of government revenue.

Although the poorest ACP countries are normally exempt from reciprocity in the WTO, they will be forced to open their

economies to EU markets, as currently defined by Article XXIV of GATT. They must also commit to maximising the elimination of their trade barriers.

The external implications of other EU policies further erode the value of existing trade preferences. Access to EU markets has become more difficult, due to tight rules of origin and a variety of non-trade barriers, including strengthened Sanitary and Phyto-Sanitary (SPS) measures. In other words, the value of the existing market access that the ACP countries are expected to reciprocate for at a high cost is continuously declining.

### Conclusion

It seems the only markets that will expand are EU markets. We agree that one cannot expect only to receive without being also ready to give. Preferential bilateral or multilateral trade agreements contain that element of sharing, because preferences do not work on a unilateral basis. No country is so altruistic as to sacrifice its own interests for the benefit of others. Least Developed Countries (LDCs) should learn a lesson from the failure of the Cancun meeting that world trade has its origin in the protection of the interests of the rich, irrespective of their consequences. This is a world of contradictions, between what people want and what they are offered. The world has become a global village, and, without a policy of caring and sharing, nations will tear each other and only the strongest will survive.

### IN THIS ISSUE

Raw Deal to the Poor .....	2
East African Pact: Hopes and Fears .....	3
COMESA Imports Flood Sugar Market .....	4
Kenya Features in UN Drugs Report .....	5
AIDS in Africa: a Long and Losing War? .....	6
Special Feature .....	7



**कटस** **CUTS**  
Twenty Years of Social Change  
1984 to 2003

CUTS Africa

Email: [cutsarc@zamnet.zm](mailto:cutsarc@zamnet.zm) (Lusaka)

Email: [cuts-nairobi@cuts-international.org](mailto:cuts-nairobi@cuts-international.org) (Nairobi)

Website: [www.cuts-international.org](http://www.cuts-international.org)

Published with the support of  
HIVOS, Regional Office Southern Africa, Harare, Zimbabwe

Subscription: \$15 p.a.

### Aid Bad for Tax Base

Studies have shown that too much foreign aid kills initiatives by recipient countries to broaden their revenue bases, thereby undermining development. At a recent seminar on Mobilisation of Resources for Financing Pro-poor growth in Africa, a participant said studies have revealed that continued aid inflow reduces the competitiveness of the exports of recipient countries.

Gervase S Maipose, of the University of Botswana, cited Uganda, Tanzania and Mozambique as those countries that are highly dependent on aid and have failed to develop sustainable new tax sources. With about 52 percent of the budget supported by donor funds, Uganda's local revenue is a mere 12.1 percent of the gross domestic product (GDP) and is one of the lowest in sub-Saharan Africa.

He also said a lot of foreign aid is likely to result in what he called the 'Dutch disease.' The Dutch disease, he said, is where sustained fund inflows, in the form of foreign aid, lead to sudden increases in domestic demand, provoking a rise in prices, inflationary pressures and currency overvaluation. He recommended that for some countries, especially those with poor economic policies, technical aid, or other forms of non-financial aid, should be given, instead of money. *(TM, 23.03.04)*

### US\$4.9bn for West Africa

The World Bank has committed US\$4.9bn in funding for projects in West Africa. The pledge came at a meeting in Accra on March 20, 2004. Nine West African Presidents and other senior representatives from across the region joined WB officials in the Ghanaian capital for a one-day special summit of the Economic Community of West African States (ECOWAS).

A key part of the meeting's agenda was to draw up a short-term 'Plan of Action', using trade, infrastructural development and improvements in the energy and telecommunications sectors, to accelerate regional integration. Strong emphasis was also placed on security measures to accelerate regional integration.

The WB President, James Wolfensohn, explained that US\$1.7bn out of a regional commitment of US\$4.5bn had been earmarked for infrastructural projects. "Another US\$450mn, which was not originally included in the national financing, has been added for regional projects," said Wolfensohn. The WB spending in the region has increased in recent years. For example, in 1999, the total Bank spending in West Africa was US\$2bn. *(UNIRIN, 22.03.04)*

### Another Zim Bank to Fold

Barely a week after the closure of five financial institutions facing a cash crunch in Zimbabwe, yet another bank is under threat. Banking sources said that the Century Bank might be hit by the contagion from collapsed ENG Capital Asset Management, which has already claimed the Century Discount House. The discount house closed shop recently, after it was allegedly defrauded of Z22bn by ENG. Although the closure of the Century Discount House did not immediately affect the Century Bank, its 30 percent exposure to ENG might hasten its eventual crumbling.

ENG reportedly bought 350 million shares at Z15 a share in the Century Bank for Z5.3bn in 2003. ENG, whose directors have been convicted and jailed for fraud of Z60bn, reportedly owe creditors more than Z100bn. Century Bank is one of the struggling institutions recently rescued from collapse by the Zimbabwe Reserve Bank's troubled banks fund.

The bank received Z30bn in support. Other banks that the Reserve Bank has moved to rescue are Trust Bank (Z198bn), Metropolitan (Z23bn) and Barbican (Z6bn). An IMF delegation that visited the country said that Zimbabwe needs only seven banks. There are currently over thirty. *(BD, 25.03.04)*

### Raw Deal to the Poor

To those who have, more will be given – as Jesus observed 2,000 years ago, so is it today. A report newly released by the World Bank (WB) shows that whatever money government spends on health, education and water provision, benefits the rich more than the poor. For instance, among the poorest 20 percent of the Ugandans, only two-fifths use improved water sources such as boreholes, piped water and protected springs. However, among the richest 20 percent, three-quarters have access to improved water sources.



According to the World Development Report 2004, government services are eluding the poor in most developing countries.

Whereas governments invest large amounts of money to fix piped water, build health centres, install electricity and set up schools, the poorest people are either too far away from these services or cannot afford them. For instance, despite the mushrooming of permanent houses, proliferation of cars and improvements in economic indicators, the proportion of women and children who die from preventable diseases has not reduced for several years. *(NV, 05.03.04)*

### Poorer Nations' Greater Voice

Multilateral institutions, such as the World Bank and the International Monetary Fund (IMF), experienced a "degradation of their legitimacy", because they were not representative of the global economy. South Africa's Finance Minister, Trevor Manuel,



The Economic Times

observed at the inaugural global economic governance lecture at the Oxford University, that, if market economies play a greater role in the governance of multilateral institutions, it would improve the credibility of these institutions and help efforts to reduce poverty.

He also said, if the WB, the IMF, the WTO, the Financial Stability Forum and the Bank for International Settlements do not represent the voices of the poor and the marginalised people, they are unlikely to correctly analyse the policy choices that can be used to address the concerns of the poor and the marginalised people. *(BD, 10.03.04)*

## Regional Round-up

### EU's Subsidies

The Common Market for Eastern and Southern Africa (COMESA) has welcomed plans by the European Union (EU) to abolish agricultural subsidies. During the Regional Agricultural Trade Enhancement Support (RATES) programme working dinner in Lusaka, the COMESA Secretary General, Erastus Mwencha, said removing the subsidies would level the international playing field in international trade, and African crops would get full market value, besides enjoying enhanced access to international markets.

On March 22, 2004, international media reports indicated that the EU was planning to remove agricultural export subsidies on all products. However, plans alone are not good enough. Agricultural subsidies have been a very contentious issue. It was one of the issues that led to the collapse of talks during the Fifth Ministerial Conference of Trade Ministers in Cancun. *(TP, 24.03.04)*

### NEPAD Tasked

The New Partnership for African Development (NEPAD), if pursued as an African initiative, will go a long way in fashioning out a new Africa, but cannot be meaningful unless Africa recognises herself, accepts herself and be herself. This view was expressed by the President of the Nigeria-Mali Chamber of Commerce Industries, Mines, Agriculture and Tourism (NAMACCIMAT), Michael Awunor, at the official inauguration of the Chamber in Abuja. He expressed hope that, if Africans should exchange locally made goods with each other, this will go a long way in enhancing economic development of each country. Going down the memory lane, Awunor recounted how empires and kingdoms in the past, before the scramble for and partitioning of Africa, were built, using what they have to exchange for what they wanted.

He lamented that Africa, which helped most continents develop, has become a beggar today, owing to the neglect in harmonising the continent's abundant natural wealth. Countries need to gather, collect, collate, supply and disseminate information useful to business, commerce and tourism and engage in legislative lobby to further the interest of its members, among others. *(DC, 03.03.04)*

### AU for Decentralisation

Eastern Africa Local Government Ministers' from the African Union met in Arusha, Tanzania, to discuss the decentralisation system, with a view to adopting it. Uganda's Minister of Local Government, Prof. Tarsis Kabwegyere, said Ministers agreed that the decentralisation system of governance should be adopted by other countries that had not yet introduced it. He said, at the end of this month, 23 local government ministers from East, Central and Southern Africa would convene in Arusha, Tanzania, to deliberate on a number of issues.

Kabwegyere said it was agreed that the Government should develop enough capacity to detect financial wastage in the local authorities and means to punish the corrupt officials. He called upon the Ugandans to rise up against corrupt district officials. He said disbursements from the Central Government to the districts had risen from sh37b to sh800b, which required protection from corrupt local officials. *(NV, 22.03.04)*

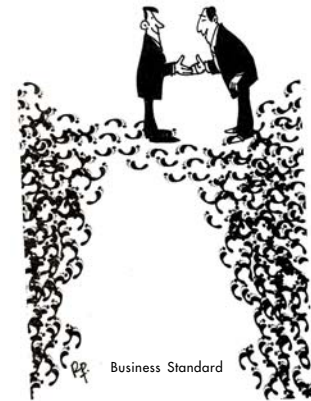
### A Voice for All Africans

As one of the most important instruments of the African Union (AU), the establishment of a pan-African parliament is poised to give expression to the aspirations of Africans everywhere. The protocol establishing the pan-African parliament provides for its transformation from an institution of only consultative and advisory powers into one with full legislative powers, to be used as a platform on which the voices of all Africans are heard to deepen democracy. Article 12(13) of the protocol provides for the setting up of committees. Their focus will be oversight of the operations of the AU itself.

South Africa has set an example for the African continent, by building a new economy and shaping a new society in a gentle revolution matched by a renaissance of its spirit. If this renaissance becomes the driving force in the establishment of the pan-African parliament, then issues confronting Africa will involve far more than good intentions and positive aspirations for Africa. However, there have been troubling signs of an inadequate practical expression of intent. Up to now, not all AU members have completed the procedures for membership of the parliament. The reasons for non-affiliation remain obscure. *(BD, 05.03.04)*

## East African Pact: Hopes and Fears

The Customs Union deal signed in Arusha recently by Tanzania, Uganda and Kenya comes a full four years after the countries embarked on their latest attempt at regional integration. With a combined population of 90 million and total GDP of some US\$25bn, the three countries hope they will now be able to start pooling their resources, boost trade and take advantage of their combined



markets. A common external tariff will be maintained and an integrated market established. One potential problem, however, is Kenya's private sector, which is far more advanced than those of its regional neighbours.

There is concern, therefore, that Kenya might dominate the region. Another potential complication is the growing number of regional blocs to which the countries already belong. Alongside the East African Community, there is the Southern Africa Development Community, in which Tanzania is a member, as well as the COMESA, of which Kenya and Uganda are members. Sengodo Mvungi, a University of Dar es Salaam professor, specialising in regional integration, says this could undermine the new Customs Union's potential to act as a unifying force. *(BT, 12.03.04)*

### Central Africa to Establish FTA

At a recent summit in the Republic of Congo, the 11 Heads of States of the Economic Community of Central African States (CEEAC) pledged to establish a free trade zone by the end of 2007. The effort is designed to bring stability to the economy of a region that has seen civil wars in seven of its 11 member countries in recent years. The summit's concluding statement expressed hope that the agreement would bring investment to the area, saying, "Economic operators in CEEAC member states and foreign investors would have a dynamic and attractive regional market of 100 million consumers, which would promote the immense potential of the region."

A number of additional measures were discussed at the two-day Brazzaville meeting. Leaders pledged to establish a network of roads and an interlocked power grid, as well as provide freedom of movement to government officials, students, religious leaders and business people within the community. In addition, the organisation plans to develop a common agricultural policy by 2008. *(BW, 04.02.04)*

### South-South Co-operation

The new financial agreement, estimated at US\$2bn, signed between the Angolan Government and the

Exximbank, Chinese Bank for Export, is a good example in South-South co-operation relations. The agreement carries attractive provisions, such as, a 17-year repayment period, a 5-year free period and an interest rate of 1.5 percent. *(APA, 25.03.04)*

### Threatened AGOA Exports

A new report by the US Government on the impact of changing import rules for the garment industries of Southern African countries under the African Growth and Opportunities Act (AGOA) suggests that exports to the United States are likely to decline. Although the AGOA provides duty-free access to the US market, a key advantage has been African countries' exemption from product quotas. On 1 January 2005, this advantage ends, when the US, compelled by the free-trade Uruguay Round of Agreement on Textiles and Clothing, ends quotas for all countries.

China, with its low-cost and highly productive labour, is expected to become the "supplier of choice" for most large US apparel companies and retailers, whose preference for buying in large volumes is beyond the capacity of some African nations to satisfy. However, US trade officials do not wish the country to be overly dependant on one supplier and, while India is expected to become a larger exporter to the US, there will still be business for Africa, if industrial, labour and

infrastructure problems can be addressed. The economic and social stakes are high. Sub-Saharan Africa supplies less than one percent of the world's textiles and apparel.

*(UNIRIN, 15.03.04)*

### Swazi Textile under Threat

Swaziland's flourishing textile industry is experiencing a crisis, caused by delays in US legislation that would extend a deadline in the AGOA and enable Swazi exports to continue entering the market duty-free. Already, about 1000 garment workers out of 28,000 employed nationally have lost their jobs because of the uncertainty over the AGOA. Each worker supports 10 dependants," said Siphon Mamba, Secretary-General of the Swaziland Manufacturing and Allied Workers Union.

Exported garments manufactured in African countries from raw materials made in other countries – mainly in Asia – have been accepted under the AGOA. However, under the current rules, this preferential status expires on 30 September 2004, and no Swazi apparel exporter had received an order for delivery after August, the garment exporters' association warned. A bill introduced last November in the US Senate would extend the AGOA benefits until 2015 and for the next four years permit raw materials to be imported from non-AGOA countries. Another bill, introduced in Congress in the same month, would extend the AGOA to 2020 and allow "third party" fabrics for a further three years. But, both pieces of legislation have stalled. *(UNIRIN, 31.03.04)*

### Zambia's EPZ Act Rejected

The World Bank has shot down various legal and technical aspects of Zambia's Export Processing Zones (EPZ) Act and has recommended that the Government should conduct an evaluation of the country's competitive advantage, objective and strategy for developing EPZs. In a letter of March 23, 2004, addressed to the Commerce Minister, Dipak Patel, the World Bank senior operations officer in the Private Sector Development Unit (PSDU) for the African region, Constantine Chikosi, said there was a conflict of functions of the proposed Zambia Export Processing Zone Authority (ZEPZA) between developing, managing zones and regulating zones. *(TP, 30.03.04)*

## COMESA Imports Flood Sugar Market

A group of sugar importers are now preparing to flood the local market with thousands of tonnes of duty free sugar from COMESA. This follows the High Court ruling in Mombasa to temporarily stop the market regulator, Kenya Sugar Board (KSB), from introducing measures to moderate the flow of cheap sugar imports into Kenya. It has not escaped observers that on the same day when the importers were being granted a temporary injunction by the High Court, an importer by the name of Aberdares Freighters was busy clearing 2,700 tonnes of sugar from Swaziland.

Another controversial case in point is that of a company called MAT International, involving a consignment of 2,800 tonnes of sugar which was hurriedly cleared by customs authorities, ignoring the press notices by KSB, which had said that the imports from COMESA be suspended until a system of moderating flows of imports is put in place. Having failed to have a gazette notice published by the Office of the Attorney General, the KSB invoked the Sugar Act and revoked the registration of MAT International as a sugar importer and effectively blocked the controversial consignments. MAT International responded by obtaining a temporary court injunction where, during the tenure of the injunction, MAT International can flood the market with as much sugar as it wants. *(TN, 23.03.04)*



### Nile Sharing Toughens

A high-level technical expert meeting, representing 10 states that share the River Nile waters, was engaged in intense negotiations on March 9, 2004 in Entebbe, Uganda, on the shores of Lake Victoria, which feeds the Nile, in an effort to flesh out a treaty regulating the use of the waters. The centrepiece of the debate is a 1929 Nile Treaty, which forbids any southern country from taking any action potentially capable of bringing about a reduction of the volume of Nile water reaching Egypt. East African countries like Kenya say they want the treaty changed, describing it as an illegitimate legacy of old colonial empires.

Uganda wants the freedom to construct large-scale hydroelectric projects to solve its energy shortages. Tanzania, for its part, wants to build a pipeline to extract drinking water from Lake Victoria, while Ethiopia wants to launch large-scale irrigation projects using water from the Blue Nile to counter the effects of drought on its agriculture. Egypt is the country with most at stake in the negotiations, as it has virtually no other source of fresh water. (UNIRIN, 09.03.04)

### World's Highest HIV Rate

Swaziland has the world's highest rate of HIV infection, at 38.6 percent. This is followed by Botswana, which has lowered its infection rate from 38.8 percent to 37.5 percent. This was revealed by Stephen Lewis, the UN Secretary-General's Special Envoy for HIV/AIDS in Africa at the conclusion of his three-day tour of Swaziland. What is comforting, however, is that the scope of the crisis is now recognised by national leaders and health organisations.

(UNIRIN, 19.03.04)

### Water for Angolans

At least 81 percent of the Angolan population consumes non-treated water, shows a Multiple Indicative Inquiry carried out by the National Institute of Statistics. This fact, advanced by the United Nations Children's Fund (UNICEF), at the World's Water Day, celebrated on March 22, 2004, states that 41 percent of the families are unable to use suitable sanitary means for the

treatment of faeces and more than 40 percent draw water from unsafe sources. The document states that diseases like diarrhoea are killing nearly 2 million children per year and causing other diseases. The children, who already suffer from a diet and other illnesses, are the first to get sick and die of diseases related with drinking non-potable water, such as diarrhoea, cholera and typhoid fever.

(APA, 23.03.04)

### Arrested by Ex-poaching Ship

The old saying "set a thief to catch a thief" took on a whole new meaning in Mozambican waters early on March 11, 2004, when a former poaching-vessel-turned-fisheries-patrol-craft made its first arrest. In a joint operation, South African and Mozambican fisheries inspectors aboard Eagle Star – one of the vessels confiscated from local company Hout Bay Fishing, after massive poaching was uncovered there in 2001 – arrested an as yet unidentified fishing vessel of "Far Eastern" origin on poaching charges after a skirmish. This was announced by the Environmental Affairs and Tourism Minister, Valli Moosa, at the launch of his Department's booklet Transformation and the South African Fishing Industry.

The booklet takes an in-depth look at the most important segment of the local

fishing industry – the part regulated by the Total Allowable Catch method and which includes hake, pelagic fish like pilchard and anchovy, rock lobster and perlemoen – over the past 10 years. It had just entered Mozambican waters when its crew of two South African inspectors and five Mozambican officials became aware of the alleged poacher – believed to be a long-liner operating illegally inside Mozambique's 200 nautical mile (370 km) exclusive economic zone. The vessel was escorted to Beira harbour in Mozambique.

(CA, 12.03.04)

### Indian Loan for AIDS

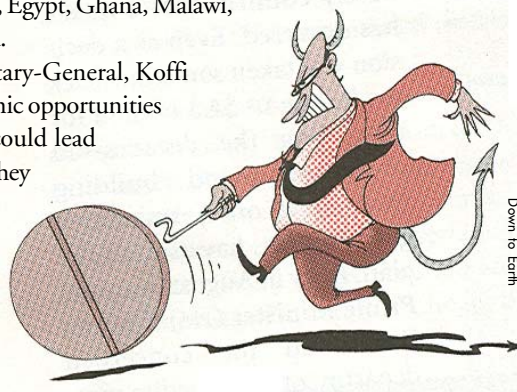
The Indian Government cleared a US\$1.5bn soft loan package for the benefit of the people affected by HIV/AIDS in low-income African countries. The Ministry of External Affairs, which will be the nodal agency in India for implementation of the loan, has decided to seek the support of the UNDP for taking it to the intended beneficiaries.

The credit line would generally carry a subsidised interest rate (libor plus 0.5 percent). An even lower rate of interest would be considered in case of heavily indebted countries in Africa like Ivory Coast or Burkina Faso. (ET, 23.03.04)

## Kenya Features in UN Drugs Report

Cannabis sativa (*bhang*) remains the most widely grown, trafficked and abused drug in Kenya and other African countries. According to the 2003 United Nations Annual Report of the International Narcotics Control Board (INCB), the drug accounts for approximately one-quarter of the global cannabis seizures in recent years. The report says the bulk of the cannabis seizures have been reported in South Africa, Kenya, Egypt, Ghana, Malawi, Morocco, Nigeria and Tanzania.

The United Nations Secretary-General, Kofi Annan, has warned that economic opportunities provided by drug trafficking could lead to rivalry among drug gangs, as they compete for a share of the market. The report says information gathered from conflict-stricken countries, such as Cote d'Ivoire, Liberia and the Central African Republic, shows that arms and ammunition used by rebel groups and criminal organisations may have been partially procured with proceeds of illicit drug trafficking.



(EAS, 04.03.04)

**Waste: a Severe Problem**

Waste management in sub-Saharan Africa is posing such a severe problem that in the coming years, the success, or the failure, of the local government authorities will fundamentally rest on how best they manage their waste. Rapid urbanisation, coupled with soaring urban population, has, naturally, led to a population explosion in cities and urban centres all over the world, but more so, in the developing countries. In less than 20 years, half of the entire African population is expected to live in cities and urban centres.

Hence, in sub-Saharan Africa alone, urban population is expected to rise to 50 percent in 2025, an increase of 14 percent from 36 percent in 2000. In Nairobi, for instance, waste management is such a severe problem that the local authorities stopped, a long time ago, pretending they could do something about it. Out of the 2,000 tons of waste per day, only an estimated 40 percent of the total generated solid waste is collected and disposed. The remaining waste is left unmanaged. *(EAS, 01.03.04)*

**No Fire Safety Policy**

Kenya may be the only African country with no fire safety laws and an integrated national fire policy. The Fire Protection Association of Kenya (FIPAK) said that the existing legislation, enacted in 1961, is both obsolete and lacks coherence.

“Kenya is perhaps the only country in Africa without a fire safety law and a national (fire) policy. There is not even a (national) fire safety guideline. Looking

at our neighbours, Uganda has a ministry dealing with fires and Tanzania has a Fire Safety Act. The same is with South Africa,” said the FIPAK Chairman, Kariuki. The FIPAK Secretary-General, Rudesh Godhalia, on his part, called for the repeal of the fire safety and protection laws, to stop fire outbreaks and mitigate impacts when they occur. *(EAS, 03.03.04)*

**Lake Threatens US\$530mn**

The Lake Chad Basin Development Commission (LCBDC) has warned that the steady recession of Lake Chad, if left unchecked, would lead to the loss of more than US\$530mn invested by member nations of the Commission.

Nigeria stands to lose US\$458mn, while Niger and the Chad Republic would lose US\$5.6mn and US\$66.8mn, respectively, among others, the Commission said. Disclosing this while presenting facts and figures on the lake since the inception of the Commission four decades ago, the Executive Secretary of the LCBDC, Alhaji Mohammed Sani, said the lake was shrinking too fast for soft approaches to rescue it and jeopardising the huge investments. *(DT, 24.03.04)*

**Stuck With Tons of Ivory**

The Kenyan Government is holding a haul of 30 tons of ivory. Most of it has been impounded from elephant poachers, while the rest of the haulage is from animals that have died of disease and other natural causes and rogue elephants killed by the Kenya Wildlife Service personnel, as a result of the now rampant human-wildlife conflicts. Elephants drastically

declined from about 167,000 in the 1960s to a paltry 16,000 by 1989. Kenya has remained adamant on lifting the now 15-year-old ban on its ivory trade, despite unrelenting pressure to do so from some African countries, especially Botswana, Namibia and Zimbabwe.

Kenya’s position has further been hardened by what it argues as a failure by countries to implement the so-called MIKE (Monitoring Illegal Killing of Elephants). This, among others, was the main reason why the southern African countries were given a one-off sale of their ivory stockpiles at the 12th Conference of Parties in Santiago, Chile, in 2002.

Undercover investigators from the WWF and the wildlife trade monitoring network traffic recently discovered that Nigeria, the Ivory Coast and Senegal are selling illegal ivory in record volume. *(FN, 06.03.04 & BW, 14.01.04)*

**Proudly not Buying SA**

Thanks to the mighty Rand and higher disposable incomes, South Africans are buying large volumes of imported goods. Although this has increased the country’s trade shortfall and affected the country’s 2003 current account, the deficit is at tolerable levels.

The Reserve Bank reported, in its Quarterly Bulletin for the fourth-quarter of 2003, that the deficit reached R10.1bn in 2003, equivalent to 0.8 percent of the GDP. From a surplus in 2002, the shortfall opened up during the course of 2003 and reached a sizeable 1.8-percent in the fourth-quarter of 2003. *(MW, 24.03.04)*

**AIDS in Africa: a Long and Losing War?**

The AIDS pandemic is changing Africa fundamentally and forever, and we all need to take notice of that. We view the HIV/AIDS pandemic that is ravaging Africa as an emergency. After all, the death toll from AIDS far exceeds that of most wars. Urgent action is needed to keep the HIV-infected from getting ill and dying and those still healthy from being infected. Yet, this focus on the obvious challenges may be distracting us from a different but



equally pressing demand – the need to plan for the long term.

AIDS is changing Africa forever. It is transforming Africa’s most fundamental systems – such as food production, education provision and labour supply. The pandemic impacts most harshly on the most active sectors of African economies, killing adults in the prime of their lives. Skills are lost and children left to grow up without the civic compass that should have come from their parents. *(AA, 22.03.04)*

## WSF Conference in Mumbai

Consumer Unity and Trust Society-Africa Resource Centre (CUTS-ARC) participated in the World Social Forum (WSF), Mumbai, India, from January 16-20, 2004, which drew up to 100,000 participants from 132 countries. CUTS-ARC's objectives in participating in the workshop included disseminating outputs of the research, capacity-building and advocacy work it has been doing in Southern and Eastern Africa since 2000, and networking with civil society groups pursuing south-south co-operation in trade and exploring the possibilities of collaboration and further the cause of WSE.

This required participation in various workshops and plenary meetings, distributing study reports, policy briefs, newsletters and establishing contacts with delegates from various countries. Being an opportunity for social mobilisation, the Conference provided a discussion platform on the impacts of globalisation, structural adjustment, privatisation of public goods and economic liberalisation on people in different countries, especially the deprived communities and groups. The event provided an advocacy platform for the staunch critics of globalisation and free market economic policies that provided some of the most eloquent problems

associated with globalisation and economic liberalisation policies. They, however, failed to suggest alternatives or solutions. Some suggested pursuing a communist and socialist economic pattern as an alternative to globalisation and liberalisation.

Among the most illuminating workshops was the Workshop on Globalisation, which included celebrated economists such as Joseph Stiglitz, Samir Amin, Antonio Tujan, etc. The speakers argued that agricultural liberalisation, the structural adjustment policies of the World Bank (WB) and the International Monetary Fund (IMF) and the abandoning of social safety nets by governments, along with changes in labour laws, were the main reasons for increasing poverty, with the advent of globalisation since the early 1980s. This workshop was well attended and provided some useful inputs to the ongoing debate on globalisation, by bringing the experiences of countries from different continents on globalisation.

The workshop on Food Rights, Trade and Food Security in Africa focused on the impact of trade liberalisation on food security in African countries. The speakers argued that liberalisation of agriculture and the withdrawal of subsidies and

government support in extension and marketing resulted in the farmers switching over to cash crops from food crop production. This is a major reason for the decline of food production and the resultant high prices, which has endangered food security in West African countries.

The issue of making trade fair was discussed in one workshop, where the subject of rigged rules in the international trading system and its implications for the poor countries was discussed. It was recommended that trade rules be reformed and the scope for co-operation between southern and northern countries widened. The workshop also focused on the issues that came up at the WTO Cancun Ministerial, especially agriculture.

Thus, the event was rich both in symbolic meaning and experience in joining hands with the global civil society movement in challenging the inequities that exist in the economic and social systems of poor countries. The various events during the WSE were helpful in understanding the critical issues faced by communities in the context of globalisation. This will help develop the work programme and priorities of CUTS-ARC in the coming years.

## Meeting on Doha Development Agenda

CUTS-ARC, in collaboration with the Overseas Development Institute (ODI), is implementing the Zambian component of a four country (Zambia, Vietnam, Brazil and India) study on the progress and negotiations being made on the Doha Development Agenda by developing countries and how these impact on poverty reduction. A review meeting was organised in London from February 18-19, 2004. In his presentation, Sajeew Nair said that although Zambia still needs to make amendments to its patent act and to comply with Trade Related Intellectual Property Rights (TRIPs), standards, tariff schedules and opening up of services sectors, the much talked about benefit in participating in the WTO system is not evidenced in the domestic market. The agreements, which have larger and visible effects on the Zambian economy, are regional agreements, including COMESA, SADC, ACP-EU and AGOA.

He further mentioned that since Zambia cannot underestimate the relevance of participating in the WTO system, it joined with other countries to enhance Special and Differential Treatment (S&DT) provisions, technical assistance and capacity

building support to the poor countries. Being a least developed country (LDC), the position of Zambia is not always based on its own interest, but on group interest. For instance, it stood by concepts like 'strategic products' for developing countries for food security and rural development, which were proposed by the Africa Group.

It was revealed that Zambia has not undertaken any studies to determine the effects of each of the tariff reduction proposals for industrial products. During the pre-Cancun consultations, the civil society recommended that the studies should take into account the effects on imports, exports, tariff

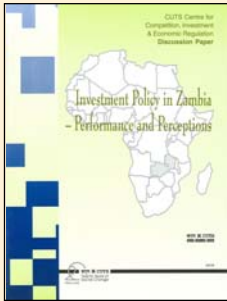
revenue, economic welfare and output, as well as long term and short term costs and benefits.

Finally, the presentation pointed out that though Zambia is a producer of cotton, it has not yet actively supported the cotton initiative led by a group of cotton producers from West Africa. Perhaps, it was felt that countries sponsoring cotton initiative had a single point agenda of striking a deal on cotton, even at the cost of negotiating Singapore issues, which was not the position of Zambia.

**Although Zambia still needs to make amendments to its patent act and to comply with Trade Related Intellectual Property Rights (TRIPs), standards, tariff schedules and opening up of services sectors, the much talked about benefit in participating in the WTO system is not evidenced in the domestic market.**

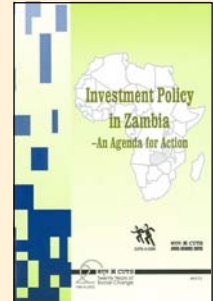
## Seminars/Workshops

### Official Launch of the IFD Study Reports



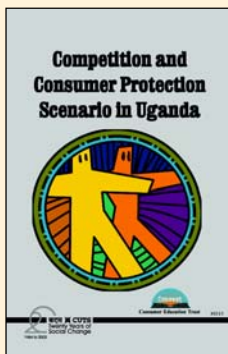
Consumer Unity and Trust Society-Africa Resource Centre (CUTS-ARC) will organise a workshop, at Lusaka on May 27, 2004. CUTS conducted a seven-country, two-year project entitled “Investment for Development” with the support of DFID, UK and in collaboration with the UNCTAD in September 2001. The aim of the project was to study investment policies, performance and perceptions in seven developing and transition economies.

On this occasion, CUTS-ARC will launch two of its study reports on Investment for Development entitled *Investment Policy in Zambia – Performance & Perceptions* and an advocacy document entitled *Investment Policy in Zambia – An Agenda for Action*. These are concise reader-friendly research and advocacy documents, respectively creating awareness and building capacity on investment regimes, while setting action points for various stockholders on investment policy in Zambia.



## Publications

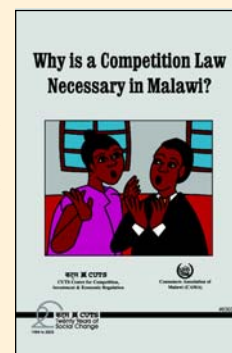
### Competition and Consumer Protection Scenario in Uganda



This is a well-researched case study of the competition scenario in Uganda that you must not miss. It presents the reader with thought-provoking anti-competitive practices, while giving solutions through actions dutifully being carried out by the Consumer Education Trust (CONSENT), in order to protect consumers. You can read about collusive tendering, bid rigging, exclusive dealing, predatory pricing, entry barriers, misleading advertising and other practices of cartels in sectors such as telecommunications, water, electricity, etc. This will transform you from a passive consumer into an active consumer activist.

### Why is Competition Law Necessary in Malawi?

Read about what happens when a country does not have a consumer protection law and the only protection is found in laws that neither reflect the times nor properly enforce the mechanisms. What happens when privatisation is carried out without an established competition and fair trading commission? This study, researched by the Consumers Association of Malawi (CAMA), brings to the fore Malawi’s anti competitive practices and answers these and many more questions.



#### Sources

AA: AllAfrica.com, APA: Angola Press Agency, BD: Business Day, BT: Business Times, BW: Bridges Weekly, CA: Cape Argus, DC: Daily Champion, DT: Daily Trust, EAS: East African Standard, ET: The Economic Times, FN: Financial News, MW: Moneyweb, NV: New Vision, TM: The Monitor, TN: The Nation, TP: The Post, UNIRIN: UN Integrated Regional Information Networks

**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: cutsarc@zamnet.zm, and Nairobi Resource Centre, Argwings Kodhek Road, Kilimani, P.O. Box 8188, Nairobi, Kenya, Ph: +254.20.572790, Email: cuts-nairobi@cuts-international.org. Printed by Printech Ltd., P.O. Box 30933, Lusaka, Zambia. Tel: 260.1.229406/229590. **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-international.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.