

# Tradequity

A Newsletter of CUTS Africa

Year 3, No. 2/2004

## North's Mandate for UNCTAD "Under No Circumstances Take Any Decisions"

When the United Nations Conference on Trade and Development (UNCTAD) was established in 1962, it represented the first high-level permanent establishment to deal with linkages between trade and development, giving scope for addressing the concerns of a large number of third world nations. The first UNCTAD meeting that took place in Geneva, involved 4,000 official delegates from 119 countries, along with representatives of numerous international organisations, and was labelled as the largest international event ever held on any subject upto that time.

Today, developed countries are becoming less and less enthusiastic about UNCTAD's involvement in international trade. In UNCTAD XI, UK's Minister for Trade and Investment, Mike O' Brien clearly hinted that UNCTAD is not an alternate negotiating forum. He said, "UNCTAD should avoid doing what other (WTO) institutions are doing. We need institutions focussed firmly on their core mandate". Further, he reiterated that UNCTAD is not a negotiating forum and it should focus on technical assistance, capacity building, policy consulting and provide scope for thoughtful discussion. Earlier at the UNCTAD X, USA's view was that "an operational role for UNCTAD in trade negotiations would involve a confusion of institutional roles and a diversion of limited resources to activities for which UNCTAD is not the best suited organisation."

The developed countries have not only tried reducing UNCTAD's role in the international trade arena, but also are increasingly becoming indifferent towards its activities. A simple example is the extent of cabinet level participation of OECD countries in UNCTAD. While most developing countries send their cabinet level representatives to UNCTAD conferences, participation of cabinet ministers from OECD countries has declined from 12 in UNCTAD X (2000) to a mere 6 in UNCTAD XI (2004). Even amongst OECD countries major representation comes from the Nordic countries.

This is quite in contrast to the increased role that the South wants UNCTAD to have

reflecting the North-South conflict of interest in directing the future work of UNCTAD. The North's secret resentment for UNCTAD has developed out of several reasons.

UNCTAD has been critical of the International Monetary Fund (IMF) and World Bank (WB) policies. In the last few years, when both Bretton Woods twins were trying to be more legitimate, UNCTAD issued a report in late 2002, criticising new approaches by the IMF and the WB to reduce poverty in Africa through specific economic stabilisation and structural adjustment policies, stating that, in effect, the new programmes are similar to those applied 20 years ago, except that they are better labelled. Yilmaz Akyuz, the director of UNCTAD's globalisation and development division, stated that instead of "reducing poverty and meeting Africa's social needs, this approach does not correct recognised errors but instead only adds new elements to the old neoliberal policies of the IMF and the WB."

Rubens Ricupero, Secretary General, UNCTAD, has also been quite critical of the role of developed countries in pushing their agenda in the WTO rounds. In 2001, Ricupero criticised the tariff structure of developed countries and their lip service to the Doha Development Agenda. After the WTO Ministerial Conference in Doha he said "I myself have refrained from using the description of the development round, because I don't see, in any sense, that it will be conducive to this result – the first condition, of course, is that unequal countries should be treated unequally. The weakest and most vulnerable must receive special and more favourable conditions."

Hence, most developed countries have identified UNCTAD as being an organisation, which primarily caters to needs of the South, and one that is far from providing a balanced platform for both the North and the South.

But the role played by UNCTAD in pushing for a more democratic international trading system cannot be undermined. The agreement on Generalised System of Preferences (GSP), introduced in 1971, was negotiated under UNCTAD and not General Agreement on Tariffs and Trade

(GATT). This agreement provided over US\$70bn worth of developing countries' exports to receive preferential treatment in most developed country markets every year.

Besides the GSP, UNCTAD was also responsible for the setup of the Global System of Trade Preferences among developing countries in 1989. In 1980, UNCTAD successfully pushed for the adoption of the set of Multilaterally Agreed Principles for the Control of Restrictive Business Practices. One of the most important contributions of UNCTAD is in the field of negotiating International Commodity Agreements, including those for cocoa, sugar, natural rubber, jute and jute products, tropical timber, tin, olive oil and wheat; and the negotiation of the Common Fund for Commodities (1989), set up to provide financial backing for the operation of international stocks and for research and development projects in the field of commodities.

Today the North is talking of reducing UNCTAD's scope to a mere capacity building institution. UNCTAD is probably the only international organisation that is providing scope for a fair trading system. However democratic the WTO may seem, it is always the pressures behind the scene that influence outcomes. This is exactly where UNCTAD comes into the picture, changing the situation behind the curtain!

### IN THIS ISSUE

Far From Goal .....	2
Emerging Capital Market .....	3
Kigali Consensus .....	4
Greater Voice in IMF .....	5
CUTS at UNCTAD XI, São Paulo .....	7



**कटस** **CUTS**  
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**Far From Goal**

At the current rate, Africa will not be able to reach its Millennium Development Goal (MDG) of halving poverty for another 143 years, more than a century past the deadline of 2015, said UN Development Programme Administrator, Mark Malloch Brown, in Geneva. Just a fraction of the annual cost of the war in Iraq could bring the continent closer to achieving the goal, Malloch Brown lamented.

In early 2004, the British Prime Minister, Tony Blair, launched an Africa Commission, which aims to secure a better deal for the continent in 2005, when Britain chairs the group of eight industrialised countries. However, rapid economic growth in East and South Asia has resulted in a decrease in the number of people living in extreme poverty in developing countries, from 40 percent of global population in 1981 to 21 percent in 2001. Africa is still far behind.

*(LG, 16.06.04 & AFP, 15.06.04)*

**100 Percent Debt Cancellations**

The world's second poorest country, Niger, has had its debts, worth more than US\$150mn cancelled. Representatives of Niger's major club of creditor nations – the so called Paris Club – agreed to cancel all of the credit, after commending the new economic policies of Niger, in particular the efforts to reduce poverty.

Niger, on April 8, 2004 had reached its completion point, under the enhanced Debt Initiative for the Heavily Indebted Poor Countries (Enhanced HIPC Initiative). According to the UN, Niger is the second least developed country in the

world, with pervasive poverty and extremely poor education and health services. *(AN, 13.05.04)*

**Brain Drain Compensation**

Members of the African Union struck a deal with wealthy members of the World Health Organisation (WHO) of being compensated for the loss of their health care workers to richer countries.

The negotiations were held during the 57<sup>th</sup> World Health Assembly in Geneva during May 17-22. "The African Union pushed the agenda of compensation as one voice and we will jointly negotiate the terms like the European Union does," said Gideon Konchella, Kenya's Assistant Minister for Health.

Konchella said Kenya spends around US\$25,000 to train nurses and US\$50,000 to train doctors, yet the country has a shortage of 5,000 nurses. For the last decade, doctors, nurses and clinical workers have been migrating to Europe, the United States, South Africa and Namibia for better money, after being educated in Kenya, Konchella said. *(NDN, 28.05.04)*

**Cape Verde Ends LDC Status**

The end of 2004 will take Cape Verde and the Maldives out of the "least developed countries" (LDCs) group, due to their "extraordinary development" during the past few years. While this recognises Cape Verdean gains, it also means less possibilities of receiving foreign development aid for the two island states.

Cape Verde, for several years, has been placed on the upper end of LDCs when they are ranged by social indicators. Life

expectancy on the archipelago is now 70 years at birth, double than that of several countries. 99 percent of Cape Verdean children are enrolled in primary school and over 80 percent of the population has access to health services. The GDP per capita is among Africa's highest. *(AN, 08.06.04)*

**Deepening Poverty**

According to the latest review of the Malagasy economy, poverty has deepened during the last year, due to a political crisis. The political crisis that rocked the country in 2002 derailed the macroeconomic forecasts and the country took a downward trend.

The country needs to remove weaknesses in budget preparation, expenditure control and treasury operations, in order to strengthen the budgetary process and prevent the



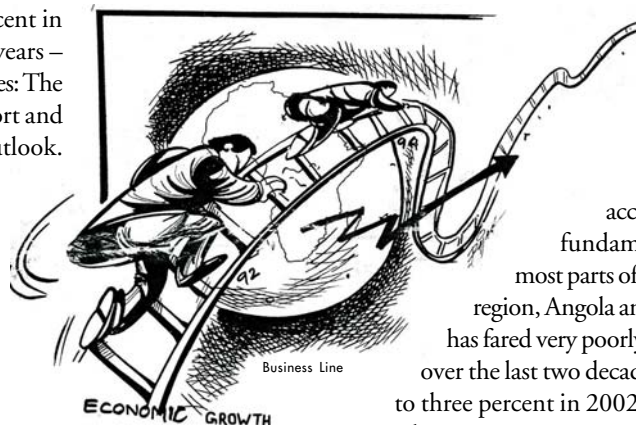
Financial Times

accumulation of arrears, as well as curb the growth of the civil service wage bill and link salary increases to job performance.

The IMF has emphasised that the challenge for the Malagasy authorities in the period ahead was to "stabilise the economy, and strengthen the business climate to encourage private investment, and diversify the export base to strengthen exports and economic growth." Madagascar has so far drawn US\$47.7mn under this poverty reduction arrangement with the IMF. *(AN, 30.06.04)*

**African Economies Grow**

African economies registered a growth rate of 3.7 percent in 2003 – the highest in four years – according to two major studies: The African Development Report and the African Economic Outlook. This has been achieved despite the weak growth in the global economy and continued structural and political constraints to improved performance in a number of countries. In 2004, the African economy is forecast to grow by 4.3



percent, unless rising oil prices turn the trend. Improved governance, peace, debt cancellation and higher prices for African commodities are behind Africa's success.

Both reports said that improved output growth in Africa was accompanied by strengthening economic fundamentals and the restoration of peace in most parts of the continent, notably, the Great Lakes region, Angola and West Africa. However, the continent has fared very poorly in its international trade performance over the last two decades. Its share in world exports declined to three percent in 2002, compared to three percent in 1990, and six percent in 1980. *(AN, 26.05.04)*

### SA Rejects UNDP Report

South Africa has objected to the UN Development Programme's *Human Development Report* for the country, released on 5<sup>th</sup> May 2004, calling it "contradictory". "They are suggesting that our macroeconomic policy was a capitulation to business rather than helping the poor, while it has become evident that we have stabilised the economy," said government spokesman Joel Netshitenzhe.

The report warned that high rates of poverty, unemployment and inequality would persist in South Africa, unless the Government "re-orientates" its policies and the economic structure.

Last year, unemployment reached 31 percent, compared to 19 percent in 1996, the report said, and the number of South Africans living below the poverty line of US\$50 per month was 21.9mn, almost half the country's population of 44.8mn, while 65 percent of households have no access to services such as water and sanitation. The largest labour movement in the nation, the Congress of South African Trade Unions, said that the inequalities mentioned in the UNDP Report came from the legacy of apartheid.

(FT, 07.05.04)

### Boosting Rural Development

Once considered a status symbol and the preserve of the urban elite, mobile phones are now changing the lives of rural Zambians. In a country of low telephone connectivity, mobile phones penetrate remote areas that have yet to be connected by landlines.

One commercial farmer said now he can use the phone to find out prices and get orders for business, for which he used to travel to the capital, Lusaka. The benefits of mobile technology have also allowed Alex Dobiso, a farmer in Lunchu village in Kapiri Mposhi, a farming district 200 km north of Lusaka, to start supplying cotton to buyers in the mining town of Kabwe.

"With the phone, I am able to call my clients to find out if payments are ready before travelling. I am also able to call back to the village to supervise work there," he said. "In that way, productivity does not suffer."

(IRIN, 29.06.04)

### Aid Appeal "Ignored"

Two months after several UN agencies appealed for US\$5.8mn to fund their emergency operations in Namibia, not

one single donation has been made. The growing HIV/AIDS infection rate in Namibia, one of Africa's richest countries, is termed "one of the world's forgotten crises."

After being virtually ignored for two months, since issuing the emergency appeal for Namibia in March 2004, two UN aid agencies drew attention, again, to the growing humanitarian crisis there, citing the food crisis affecting a third of the country, the rapidly rising rate of HIV infections and overall crushing poverty.

The country is reeling under the weight of more than 600,000 orphans, vulnerable children and women who are suffering from the combined effects of erratic weather, severe poverty and the worsening HIV/AIDS epidemic soaring to its current level of 22 percent – the seventh highest rate in the world.

(AN, 04.05.04)

### Emerging Capital Market

Auerbach Grayson, one of the world's largest brokerage firms, assured emerging capital markets on the African continent, especially Botswana, that their performance presents good opportunities for the flow of foreign direct investment (FDI) into their countries. Auerbach's assurance comes on the backdrop of the credit rating given to Botswana by two international credit rating agencies, Moody's Investor Services, and Standard and Poor's.

According to the agencies, Botswana's ratings reflect favourable debt and liquidity positions and Government's prudent management of diamond export earnings that have enabled it to expand

its infrastructure and the standard of living, since gaining independence. During the rating, Standard and Poor's re-affirmed its long and short-term local currency rating of A+ and A-1, respectively, while the foreign currency ratings were also left at A- and A-1. The reports put Botswana in the same league as the southern European countries of Greece and Poland.

(MM, 24.05.04)

### SA Losing Africa's Tech Lead

The South African Government is currently undermining the country's position as a technology leader in Africa by its restrictive Information and Communications Technology (ICT) legislation. While countries such as Algeria, Mauritius, Mali, Nigeria and Kenya embrace the use of new technologies, like voice over IP (VOIP) and wireless fidelity (WiFi), South Africa prohibits this for the short-term protection of jobs. This is the view of Bridges.org, an international non-profit organisation that promotes the effective use of ICT in the developing world, with the aim of reducing poverty and creating jobs.

Bridges.org said that it appeared as if the government policy makers either do not understand the development potential offered by these technologies or they are just not ready to let go of the entrenched revenue streams from Telkom's stranglehold on the market. Bridges.org suggests that removing restrictions and allowing competition to thrive in the communications sector will lead to greater choice, lower prices and proliferation of innovative services.

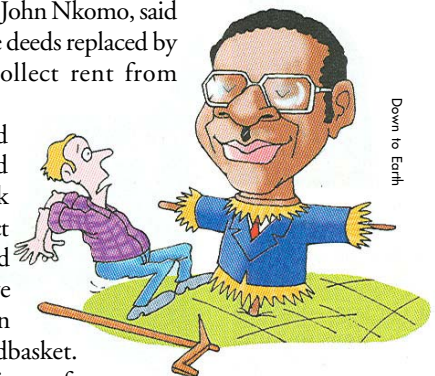
(IN, 27.05.04)

## Nationalising All Farmland

The Zimbabwean Government has taken its controversial land reform policy to a new level, after it announced that all farmland will be nationalised and private land ownership abolished. Land Reform Minister, John Nkomo, said all farmland would be state-owned, with title deeds replaced by 99-year leases. The Government will collect rent from leaseholders.

Since 2000, the Government has seized more than 5,000 white-owned farms and redistributed the land to 200,000 black Zimbabwean families, in an attempt to correct gross economic and racial inequalities. The land seizures, along with unpredictable rains, have been blamed for acute food shortages in Zimbabwe, which was once a regional breadbasket. Critics of the new plan said that it spelled disaster for the already floundering economy by scaring off foreign investors and making it even harder for new farmers to secure loans.

(AP, 08.06.04)



Down to Earth



**Malawi in Sanctions from SADC**

Malawi is now facing sanctions from its regional partners of the Southern Africa Development Community (SADC) after failing to pay its member state contributions. The Malawian Government failed to honour its membership obligations even when the country held the presidency of the grouping. As a result, Malawi has been suspended from taking an active role in SADC because the country owes the regional grouping nearly kwacha150mn (Euro1.14mn) in unpaid member state contributions for three consecutive years.

In accordance with Para 3 of Article 3.3 of the SADC Treaty, the following sanctions are now applicable to Malawi: suspension of Malawi's right to speak and receive documentation at meetings of SADC; suspension by the SADC of recruitment and renewal of contracts of employment of personnel from Malawi, according to a letter dated 2<sup>nd</sup> April 2004 from the SADC Secretariat in Gaborone, Botswana. Also, the island nation of Seychelles may leave SADC due to high membership fees, which have not been paid for several years. *(TC, 05.05.04)*

**Seychelles Pulls out of SADC**

After carrying out a cost-benefit analysis, the Seychelles has come to a conclusion that its people derive negligible benefits from being a member of the 15-member SADC. Thus, the country has

quit the SADC, but it will formally leave at the beginning of July 2004.

The tiny 444-square-kilometre island country, which is reliant on its tourism industry that provides 50 percent of the gross domestic product (GDP), owes the SADC US\$2.5mn from its annual membership subscription of US\$500,000, which it has to pay before it leaves. Despite the country leaving the SADC grouping, it can still opt to remain with groups that are linked to the SADC, without being bullied around.

*(MM, 30.04.04)*

**Madagascar to Join SADC**

The Indian Ocean island of Madagascar has applied to join the SADC. SADC is now assessing the probable future membership of the country. The move comes at a time when another Indian Ocean island state, the Seychelles, will be leaving the 15-member organisation in July 2004 and the process for admitting new members has been tightened.

New members are expected to share the SADC's aspirations with regard to macro-economic convergence, good governance, commitment to agreed decisions and carrying out its responsibilities. Prospective members of the bloc are placed on a one-year probationary period, during which they are critically assessed and, at the same time, allowed to learn more about the organisation and determine whether they fit.

*(MM, 24.05.04)*

**Kigali Consensus**

African Trade, Customs and Immigration Ministers met in Kigali, Rwanda, on 27-28 May 2004, at a conference organised by the African Union (AU). The agenda featured several trade issues, including a review of the World Trade Organisation (WTO) negotiations, a status report on the Economic Partnership Agreements (EPAs) under negotiation with the European Union (EU) and a report on the implementation of the African Growth and Opportunity Act (AGOA). Trade ministers issued a 'Kigali Consensus' paper on key aspects of the ongoing WTO talks, including a statement on the so-called Singapore issues of investment, competition, government procurement and trade facilitation.

The Ministers demanded that the first three issues be dropped from the Doha agenda and that African countries do not support the so-called 'blended formula' for tariff reductions put forth by the EU and the US. On cotton, the Kigali Consensus urged the Members to eliminate subsidies over a three-year period, starting 1<sup>st</sup> January 2005, and establish a fund to support Africa's cotton sector, as outlined in the 'Cotton Initiative'.

*(BW, 01.06.04)*

**More Solidarity for ACP Countries**

Leaders of African, Caribbean and Pacific (ACP) countries have called for greater solidarity among developing countries, when pressing the EU for group trade benefits. The 79-nation bloc focused on international trade, aid and security issues at its 4th ACP summit, held in the capital of Mozambique, Maputo.

The EU recently agreed to revise trade arrangements giving ACP producers special access to European markets and development aid. Instead of agreeing to one accord, six regional groups in the ACP have decided that the EU should negotiate an EPA with each of them, before a 2008 deadline.

A recurring concern at the summit was the lack of trade between ACP countries due to ongoing trade barriers, including high tariffs and restricted trade between developing countries. The ACP, founded in 1975 as a forum to discuss development issues with the European Union, groups 48 sub-Saharan countries, 16 Caribbean nations, including Cuba, and 15 from the Pacific.

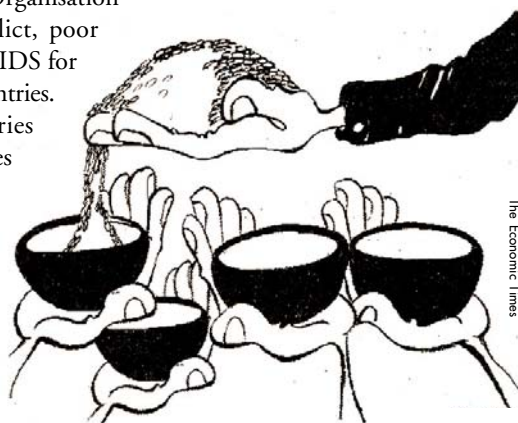
*(IRIN, 24.06.04)*

**35 Countries in Food Crisis**

The Food and Agriculture Organisation (FAO) blames civil conflict, poor weather conditions and HIV/AIDS for serious food shortages in 35 countries. While the number of countries plagued with food emergencies declined from 38 to 35 since February, African countries needing aid held steady at 24, according to the current issue of Food Crops and Shortages, published by the FAO.

Flooding, drought and locusts are among the most harmful natural occurrences adding to food supply difficulties. Floods hit southern Africa, while drought and pests afflicted the north. The conflict in Sudan, which has displaced one million people, is exacerbating the grave food shortages there.

*(FAO, 31.05.04)*



The Economic Times

## Poor Farmers Blame WB & IMF

The World Bank (WB) and the International Monetary Fund (IMF) are to blame for the serious crisis poor countries are facing today in their agricultural sectors, said a UN official at the UN Conference on Trade and Development's 11th ministerial meeting. Farmers in developing nations, particularly the poorest ones, are suffering today because of policies their governments had to adopt under loan agreements with the IMF and the WB, most of them during the 1970s and 1980s when liberalisation was a condition of the IMF and WB loans.

The official said that the real problem lies in the domestic markets of poor nations. In the past 20 years, there has been a pressure on poor countries to open their markets to imports, in most cases to cheap



subsidised products, which have made it very difficult for subsistence farmers to even have access to their own domestic markets. (UNW, 18.06.04)

### Trade is Good but Exploitive

A survey of 7,556 Africans in Egypt, Ghana, Ivory Coast, Kenya, Nigeria, South Africa, Tanzania and Zimbabwe found that only 30 percent of Africans believe rich countries are fair in trade negotiations, yet two out of three believe globalisation has a positive effect on their lives. A majority of those surveyed – 57 percent – believe poor countries do not benefit as much as the rich countries from free trade. Despite this, 55 percent believe the United States and Europe have a positive influence in the world.

GlobeScan completed a 19-country global survey in June 2004 and found that overall Africa is the only region, other than North America, that views globalisation positively. Some experts have criticised the report as representing only the richest African countries.

(AA, 21.06.04)

### Trade Alone Not Enough

Trade liberalisation and increase in market access to other nations are not sufficient to lift the 50 LDCs out of poverty, said the UNCTAD.

According to *The Least Developed Countries Report 2004: Linking International Trade with Poverty Reduction*, the 1990s notion that trade liberalisation, and not aid, would generate long-term reductions in poverty does not apply. Trade liberalisation, if implemented alone, can cause “de-industrialisation, through import substitution, where industries have collapsed when they are exposed to international competition without adequate preparation. To avoid this problem, UNCTAD says policies to open markets should complement policies that boost national markets through

investment in technology, commodity production and creation of jobs. (UN, 21.05.04 & UNW, 27.05.04)

### IMF Allays Trade Disruptions

The IMF Executive Board approved a new loan programme to offset adverse impacts developing countries may feel from trade liberalisation. The new programme aims to help poor countries that stand to lose exclusive trade preference if the WTO successfully completes the current Doha Round of talks.

Currently, many Caribbean and African countries benefit from lower tariffs on exports to the United States and other rich countries, but if trade barriers are lowered for all nations, poor states will lose some of their preferential access to rich-country markets.

The loans provided under the new Trade Integration Mechanism (TIM) would help such countries cope with detrimental effects from reduced export sales. This, however, is a temporary policy, and will be reviewed.

(IMF, 13.04.04)

### Africa in for Oil Boom

Africa's Indian Ocean coast is poised to become a new source of oil and gas on the continent, according to a US oil industry expert whose firm has been carrying out satellite and geological surveys of the region. West Africa, which supplies the US with 15 percent of its oil imports, has been the traditional focus for oil exploration on the continent. But, the oil firm director, Chris Machette-Downes, said: “East Africa is very likely to become one of the hottest oil exploration frontiers in the next few years.”

Commenting on a survey of the coast from the Kenya-Somalia border to South Africa, he said that for years East Africa had only been regarded as good for natural gas production, but that view had changed.

Oil production is already under way in Sudan. Many companies are exploring offshore in the region, including Shell and the Anglo-US firm Aminex, off the coast of Tanzania. Chinese and Indian companies, as well as the Malaysian firm Petronas, are already involved in oil extraction from Sudan. (TG, 29.04.04)

### Greater Voice in IMF

African Finance Ministers have been continuing their long-running efforts to get a more effective voice for the continent in running the two Bretton Woods institutions. They feel they are badly under-represented at the IMF and the WB.

This system often results in more votes accruing to countries with large economies so that rich countries are strongly represented, but certainly out of proportion to their populations. Contested votes are rare in the key decision-making committees of the two institutions, but it still rankles with many developing nations, who feel their voices are not properly heard.

Many African countries are clearly irritated by the process, currently under way, to select a new managing director for the IMF. In a communique, the G24 Ministers said they were “particularly concerned that the selection process for the managing director of the IMF continues to fall far short of the standards of good governance, transparency and inclusiveness widely advocated for by the IMF and WB in their relations with member countries”. (BBCO, 25.04.04)

### Zim Internet Firms to Spy

Internet service providers (ISPs) in Zimbabwe have been ordered to spy on their customers, including the monitoring of the so-called "illegal content" of e-mails. In addition to creating a new tool of censorship, this places "an impossible burden" on ISPs, the industry holds.

The state telecommunications monopoly, TelOne, has asked ISPs to sign commercial contracts that oblige them to take "all necessary measures" to prevent the transmission of illegal material online. The vague language in the contracts has raised fears that the Government, which has a poor press freedom record, is seeking to increase its political control over the Internet.

The contracts stipulate that internet providers must ensure that "objectionable, obscene, unauthorised" or all other material that infringes on copyright, intellectual property rights or foreign and local internet laws does not appear on their networks and, if it does, they must disclose to TelOne, while at the same time judging what is legal and what is not, when they are not courts of law themselves.

(AN, 07.06.04)

### Trading Gold for Forests

Environmentalists are concerned about gold mining activities taking place in the Eastern Arc Mountains of Tanzania, which are said to be "destroying globally outstanding conservation areas." The worst affected areas are the Amani Nature Reserve, a United Nations Educational Scientific and Cultural Organisation (UNESCO) designated Biosphere Reserve, and Balangai Forest Reserve. The World Wide Fund for Nature (WWF) expressed its concern about gold mining in Tanzania's East Usambara catchment forest, which houses two reserves and supplies water to more than 200,000 people living in the Tanga region of the country.

Small miners have invaded the forests, causing severe environmental destruction by felling valuable old indigenous trees and digging along the river beds to mine the precious mineral. The forests of the Eastern Arc Ranges form one of WWF's Global 200 Eco-regions, a science-based global ranking of the world's most biologically outstanding habitats and the regions on which WWF concentrates its efforts.

(AN, 14.05.04)

### Facing Flesh-eating Disease

UNICEF is planning to send a team of health workers to the Republic of Congo next month to treat thousands of Pygmies stricken with a disfiguring disease known as 'bush yaws'. In March, a team visited the remote Likouala region to find that as many as half of the 6,000 Babenga Pygmies living there had the flesh-eating disease, but the health workers were able to treat only 135 people, before they ran out of money.

The illness can be cured with a single shot of penicillin. Washing with soap and water also easily prevents it. Bush yaws, or pian, results when a highly contagious germ called *Treponema Pertenu* infects cuts or scrapes. It causes lesions that can destroy skin and bone and those who suffer from it are frequently disfigured. It has been eradicated in most tropical countries, but still plagues populations where poverty or isolation prevents the acquisition of soap.

(NC, 05.05.04)

### Creeping Desertification

Arid Namibia is locked in a battle on two fronts: to provide sustainable livelihoods for its rural population and hold back desertification. Water is scarce throughout the country. The central plateau and limited grasslands to the north, where half the population lives, are sandwiched between the Namib Desert, stretching 1,400 km along the Atlantic coast, and the Kalahari to the southeast.

A statement, marking the tenth anniversary of the UN Convention to Combat Desertification (UNCCD), on 17 June 2004, warned the international community that arable land per person is shrinking throughout the world, threatening food security, particularly in poor rural areas, and triggering humanitarian and economic crises. Forced to take as much as they can from the land for food, energy, housing and income, the poor are both the causes and the victims of desertification.

In reverse, desertification is both a cause and a consequence of poverty. In Namibia, there is simply not enough arable land to sustain its 1.8 million people, two million livestock and current levels of agricultural production.

(IRIN, 16.06.04)

### AIDS Kills more than Bullets

AIDS may be responsible for more than half the deaths of military and police forces in Africa, according to a study published on 21<sup>st</sup> June 2004 in the Biomedcentral Public Health Journal. About 500 Nigerian naval officers were interviewed for the study. Almost a third acknowledged having had sex with



prostitutes and nearly half said they did not use a condom. Many knew how the disease was transmitted, but over 50 percent thought a cure was available.

The scientists also looked at the available data on HIV in the military and found that the military lifestyle – spending long periods of time away from their partners – has contributed greatly to the spread of HIV in Africa. Nigeria alone has about 3.8 million HIV-positive people, the third-highest among nations.

(BBCO, 21.06.04)

### Number One Global Ill

An international panel of economists, brought together to rank the world's worst ills, ended a weeklong conference in Copenhagen by listing HIV/AIDS, hunger, trade barriers and malaria as the world's most pressing problems, while relegating global warming to the near-bottom of the list. The eight economists at the Copenhagen Consensus – among them Nobel laureates Robert Fogel, Douglass North and Vernon Smith – were invited by maverick environmentalist Bjorn Lomborg to spend a hypothetical US\$50bn in ways that would produce the most results.

The panel unanimously gave HIV/AIDS top priority and recommended spending US\$27bn to fight it, saying that although the costs were "considerable, they are tiny in relation to what can be gained." The issue deemed second in importance, malnutrition, was allocated US\$12bn. The panel ranked trade liberalisation third, but allocated no funds to expand it. Fourth-ranked malaria received \$13bn. The panellists did not say why their budget ran over US\$50bn.

(AP, 29.05.04)



## CUTS at UNCTAD XI, São Paulo

CUTS-ARC, through its representatives, participated in the Eleventh Session of the United Nations Conference on Trade and Development (UNCTAD XI), which took place in São Paulo, Brazil, from 10-18 June 2004. CUTS-ARC worked hand in hand with Consumer Unity & Trust Society (CUTS), India, to act as a resounding platform, through various press briefs covering the main activities, on a day-to-day basis, and also taking part in various discussions.

This work was an extension of the centre stage that CUTS has taken in the Civil Society arena to take forward the poor people's trade agenda before the highest policy-making bodies of the world. Appropriately, CUTS started with mobilising civil society, from both Africa and Asia, towards a consensus for a civil society perspective of UNCTAD XI at the Afro-Asian seminar entitled "From Cancún to São Paulo: The Role of Civil Society in the International Trading System", held in New Delhi, India, from 13-15 April, 2004 (for details: [www.cuts-international.org/wnciss17.htm](http://www.cuts-international.org/wnciss17.htm)). The Afro-Asian Civil Society Statement on Trade was fed into the Civil Society Forum Declaration to UNCTAD XI, outlining the civil society position on issues discussed at São Paulo.

Thus, it was no accident that in its bid at partnerships in combining resources with civil society and business, UNCTAD's annexure of the São Paulo consensus identified CUTS as one of the partners in trade related work and investment. This is particularly important at this point, as UNCTAD seeks development through capacity-building and consensus-building, research, analysis and technical assistance. The conference provided an opportunity for dialogue on priority and concrete issues under the theme "enhancing coherence between national development strategies and global economic processes towards economic growth and development, particularly of developing countries."

This was the first time in the UN body's 40-year existence that a series of civil society meetings were held as part of the process under the same roof as the main conference. The UNCTAD secretariat made special efforts to ensure the attendance of civil society from developing

nations, by providing financial resource and logistical support. They were identified as the 'Civil Society Forum' (CSF).

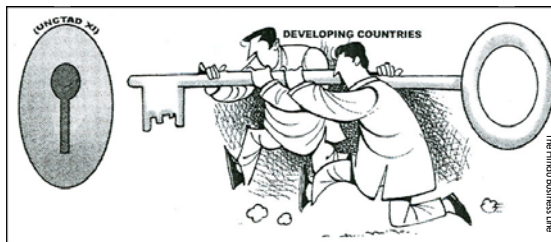
### CSF Recommendations

The CSF used this opportunity to feed into the final consensus the following recommendations:

- That financial blackmail, economic blockades, military intervention and illegal occupation by rich governments on behalf of transnational corporations (TNCs) and investors be rejected.
- That the external debt is definitively cancelled, poor countries freed immediately from this burden and TNCs charged with accountability for the more recent indebtedness.
- That nation states regain and/or retain their sovereign right to define domestic policies that do not affect other

guarantee this right. It is in this important context that we support the dialogue and co-operation between the G-20 and the G-90.

- That TNCs be prohibited from taking legal action in reprisal for development policies or actions and that they are made accountable and liable for their activities. This includes the legal right of citizens and communities to protect themselves against investors who violate their rights.
- That governments assume an effective commitment to overcome gender, racial, and ethnic inequality, protect cultural diversity, prohibit discrimination based on sexual orientation in their development policies and policies designed to combat poverty.
- That social and economic rights, labour and trade union rights be guaranteed.
- That sovereignty over natural resources, commodities and biodiversity be guaranteed, transfer of technology be facilitated and the issuing of patents for living organisms and the commercialisation of genetically modified organisms and medications be prohibited, in order that a truly sovereign, sustainable and equitable development be promoted.
- That fair trade practices be encouraged.



countries and that these policies be adequate to address national realities in dialogue and consensus with civil society.

- That international trade and the institutions and instruments linked to it comply with the principles enshrined in the Universal Declaration of Human Rights and with the instruments and conventions that emanate from relevant UN processes and the Millennium Development Goals.
- That UNCTAD participates actively in the creation and management of multilateral mechanisms designed to sustain and regulate markets for commodities and, in particular, for agricultural products.
- That UNCTAD recognises and promotes the right of every country or group of countries to food sovereignty and the right of countries to protect their economies and agriculture, including through tariffs and quantitative restrictions, the primary means of protection for poor countries. We believe that countries must unite to

### Another World is Possible

The CSF opposed the view that 'there is no alternative' to the present model of economic globalisation. The inappropriate one-size-fits-all neo-liberal mindset needs to be replaced with diverse and participatory economic systems that are flexible, fair and sustainable and are about more than money, profits and growth. The CSF also submitted its views to the UN Secretary-General on establishing transparency in the selection of UNCTAD Secretary-General.

### Conclusion

CUTS-ARC, with its parent body CUTS, has been active in the UNCTAD since UNCTAD IX, held in Midrand, South Africa, in 1996. It will continue to play a constructive role in the process of exploring possibilities that work to the advantage of developing nations and also form the perspective of finding productive solutions to problems with the system of trade promotion and policy.

Seminars/Workshops

Seminar on Trade Liberalisation and the Poor

CUTS Centre for International Trade, Economics & Environment, Nairobi, in partnership with the Nairobi office of the Friedrich Ebert Stiftung, will, on 25-26 October 2004, organise a seminar on the theme “How Should the Poor Gain from Trade and Liberalisation?” in Nairobi, Kenya. The seminar aims at providing a platform for debates and discussions between and among a wide range of stakeholders: trade and economic policy makers, representatives of intergovernmental and regional organisations; representatives of donor agencies, parliamentarians, etc. It also aims at experience sharing from various countries including Kenya, Zambia, Nigeria and Vietnam.

Publications

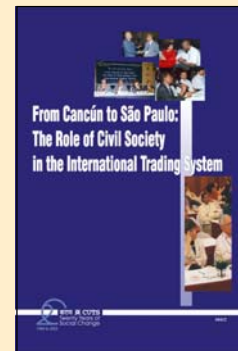
COMESA Regional Trade Agreements - The Zambian Experience



Zambia hosts the COMESA secretariat and is also a member of the Southern Africa Development Community (SADC). While COMESA wants to negotiate the Economic Partnership Agreements with the European Union, so does SADC. COMESA wants a Customs Union and so does SADC. But, countries with dual memberships will have to determine which organisation serves their interests best, for no country can belong to two customs unions at the same time. Please find out what happens when a country is caught in the web of two competing regional organisations in this exciting six-paged policy brief.

From Cancún to São Paulo: The Role of Civil Society in the International Trading System

The persistence of iniquity in trade has seen the emergence of the world’s people’s representatives- the civil society taking an increasing role in issues designed to uplift the masses out of chronic poverty. Although the World Trade Organisation (WTO) and the UNCTAD have taken the centre stage, it is up to national governments and the civil society to see to it that benefits trickle down to the poor. They are referred to as “drivers for change” and “voices of the poor”. Read about their strategies in this book as it takes you from the WTO’s fifth ministerial Conference in Cancún, Mexico, to the eleventh Conference of UNCTAD in São Paulo, Brazil.



Sources

AA: allAfrica.com, AFP: Agence France-Presse, AN: Afrol News, AP: Associated Press, BBCO: BBC Online, BW: Bridges Weekly, EA: East African, FAO: Food and Agriculture Organisation, FT: Financial Times, IMF: International Monetary Fund, IN: ITwebNews, IRIN: Integrated Regional Information Networks, LG: London Guardian, MM, Misanet/Mmegi, NC: News24.com, NDN: Nairobi Daily Nation, TC: The Chronicle, TG: The Guardian, UN: United Nations, UNW: United Nations Wire,

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