Tradequity
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Pushing the Doha Round to the Brink

Just as the trade talks were beginning to stall, the rich nations agreed to eliminate all forms of farm subsidies. Earlier, the Cancun trade talks had cast a shadow on the complicated trade talks, or, as EU trade commissioner Pascal Lamy put it: "I said in Cancun the World Trade Organisation (WTO) was in intensive care. Today, not only is it out of hospital, it is up and running." Multilateralism believers have had their faith strengthened.

The Catch

Poor nations also agreed to move toward cutting tariffs on agricultural and industrial goods. This will mean millions of new customers for the United States (US) and the European Union (EU) exporters. If this does not happen then they are bound to use one of the more telling phrases in the WTO July 2004 package that "Additional negotiations are required to reach agreement." Besides, no date for ending subsidy credits was agreed upon. Additionally, the US and the EU use the WTO to settle disputes more than any other grouping.

Subsidies: Who Loses?

The removal of subsidies will depressurise the prices of goods, thus benefiting exporters and hurting importers. Now that as many as 45 of the world's least developed countries are net importers of subsidised food, and 33 least developed countries are net importers of subsidised agricultural products, they will simply be brushed aside as losers of collective preferences and global governance. Therefore, only if least developed countries will transform themselves into sufficiently large exporters will they be able to offset these losses.

Further, will economic partnership agreements under the African, Caribbean and Pacific-European Union (ACP-EU) cooperation repay net agricultural exporters? Even here, the story is complicated. Protection keeps agricultural prices high inside the European Union. Poor country exporters can therefore benefit from the higher prices prevailing in the EU. Opening up the EU markets will lower EU internal prices and hurt the least developed country sellers as well as the EU sellers.

Exporters in the least developed countries may also lose out from liberalisation due to less transparent regulatory policies, as food hygiene and safety which may eventually replace more conventional barriers, such as tariffs and quotas. The relatively richer G20 countries will be far better placed to overcome these barriers than the least developed countries.

Then, What was Agreed upon?

Some of the interesting excerpts from the July 2004 package include the following:

- The Doha Ministerial Declaration calls for "substantial reductions in trade-distorting domestic support, with a view to phasing out all forms of export subsidies".
- Least developed countries should be provided with enhanced Trade-related Technical Assistance (TRTA) and capacity building, to increase their effective participation in the negotiations, to facilitate their implementation of WTO rules, and to enable them to adjust and diversify their economies.
- The final balance will be found only at the conclusion of these subsequent negotiations and within the Single Undertaking.
- Developed Members, and developing country Members in a position to do so, should provide duty-free and quota-free market access for products originating from least developed countries.
- The Director General should consult with the relevant international organisations, including the Bretton Woods Institutions, the Food and Agriculture Organisation and the International Trade Centre to direct effectively existing programmes and any additional resources towards development of the economies, where cotton has vital importance.

Verdict—Guilty!

As if that was not enough, there was another step forward brought by the September 2004 ruling by the WTO that the majority of the subsidies the European Union (EU) and United States (US) pay their sugar and cotton farmers are *illegal* under WTO rules.

Even the defendants, the EU and the US, knew that their huge subsidy payments to their cotton and cane sugar farmers encourage overproduction and allow the dumping of excess farm produce overseas – depressing market prices, which undermine the livelihoods of poor farmers in the developing world.

The cotton panel, which adjudicated on the cotton case, found the US guilty of providing subsidies to about 25,000 cotton and other farmers, to the tune of US$3.2bn, and export credits to the tune of US$1.6bn, which is said to represent almost all cotton subsidies and close to 50 percent of all export credits used by the USA in 2002.

Adjudicating on the sugar dispute, the sugar panel found the EU guilty of violating its commitments to the WTO by exporting up to four times more subsidised sugar onto world markets than is allowed.

Oxfam estimates that US cotton dumping cost Africa more than US$300mn between 2001 and 2002, while Mozambique, Malawi and Ethiopia have lost US$238mn since 2001 as a result of restricted access to Europe's markets for their sugar.

Conclusion

While indeed there was a step forward in the Doha negotiations represented by the July 2004 package, the document simply paved the way for future conclusion of the round. On the other hand, without trade-distorting subsidies provided by developed nations to their farm sector, developing nations can have the prospect of competing in global markets to farm goods at competitive rates in new markets. Moreover, the developing countries need to change their crop pattern to aim at the export market.

IN THIS ISSUE

CUTS International
CUTS Africa
Email: cutsarc@zamnet.zm (Lusaka)
Email: cuts-nairobi@cuts-international.org (Nairobi)
Website: www.cuts-international.org
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Africa not to Pay Debts

Africa's debt is unpayable. Therefore, "the time has come to end this charade because the debt is unaffordable. If they won't cancel the debts I would suggest obstruction. You do it yourselves," said Jeffrey Sachs, special adviser to UN Secretary General, Kofi Annan on anti-poverty targets.

Sachs said that Africa's heavy debt burden was untenable and urged the continent not to pay its debts if rich countries refused to cancel them. The US Economist and Director of the Earth Institute at Columbia University spoke at a conference in Addis Ababa, Ethiopia, on hunger, on the eve of a summit of the heads of state of the African Union, which estimates sub-Saharan Africa's foreign debt at US$201bn. He also called on the developed world to double the aid to Africa to US$120bn annually and meet the commitments made in 1970 to spend at least 0.7 percent of gross domestic product on grants and loans. This was simply a move from public monopolies to private monopolies. *(AP, 06.07.04)*

IMF not to Expel Zimbabwe

The International Monetary Fund (IMF) has voted not to expel Zimbabwe for its failure to pay US$290mn in debt and granted the country a six-month extension to begin repayment. The IMF announced it would begin compulsory withdrawal of Zimbabwe from the institution because the country was not fulfilling its commitments, including adopting policies to address its economic problems.

The IMF team has said that Zimbabwe has planned to repay US$1.5mn every three months. The team praised Zimbabwe for already repaying US$6mn. Zimbabwe has been racked with economic problems for six years.

The IMF ceased lending money to Zimbabwe in 1998 because of its disagreement with various aspects of government policy. Zimbabwe's central bank late last year unveiled a new monetary policy, which has garnered more foreign currency and caused inflation to drop from 600 percent down to around 400 percent, in May. *(AFP, 08.07.04)*

Botswana in Global Business

In a newly released report *'Doing Business in 2005: Removing Obstacles to Growth'*, the WB has rated Botswana as one of the world's top twenty economies on the ease of doing business. Its analysis is based on a new set of quantitative indices that collectively compare the business climate in a total of 145 countries.

Botswana was ranked as country number 19, following a large number of industrialised countries. Botswana was further ranked first among the top 10 developing economies, with South Africa (8) and Tunisia (9) being the only other African countries, following further down on the list. Both these rankings were based on composite scores that for the first time drew together indicators measuring best practice in seven key business areas: 1) starting a business, 2) hiring and firing workers, 3) enforcing contracts, 4) getting credit, 5) closing a business, 6) registering property and 7) protecting investors. According to the report, "All the top 20 countries regulate, but they do so in less costly and burdensome ways. And they focus their efforts more on protecting property rights than do governments in other countries." *(AN, 08.09.04)*

African Oil Boom

Africa's nascent oil boom could bring "prosperity or disaster" to the region, depending on whether exporting nations can defy the odds and resist slipping into a morass of corruption and conflict, warned a Washington think tank. Central and West Africa have 60 billion barrels in proven oil reserves, according to the report by the Centre for Strategic and International Studies.

Over the next seven to 10 years the region could add as many as 3 million barrels a day to world markets. Rising oil production will generate benefits throughout Africa if the exporting nations become more stable, invest well, improve governance and respect the rule of law.

But if the nations "fall victim to the pattern of resource-rich developing nations, corruption will deepen, wealth will be squandered, competition for oil wealth will aggravate internal stability and cross-border violence, and the health, environmental conditions and life chances of the region's 200 million citizens will remain stalled." *(AP, 08.07.04 & YN, 08.07.04)*

Private Sector Censures State

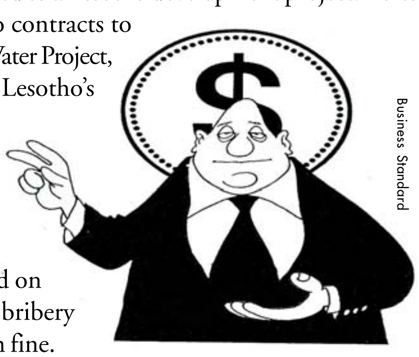
Kenya's private sector is dissatisfied with the slow pace of reforms in the country. Despite recent promises to establish an environment conducive for business to thrive, very little had been done, according to the Kenya Business Council (KBC).

The KBC has identified red tape, the cost of power, an unfavourable tax regime, lack of single permits and poor utilisation of Information Technology (IT) as factors that continue to frustrate businesses in the domestic economy. The reason for all these woes has been lack of commitment by the government to take the private sector seriously by putting economic reforms at the top of its agenda.

The private sector wants the government to facilitate their participation in crucial World Trade Organisation (WTO) negotiations, where decisions with far reaching consequences on the well-being of local business are made. *(TEAS, 22.09.04)*

WB Sanctions over Bribery

The World Bank (WB) has announced that Acres International, a Canadian engineering consulting firm, will be ineligible for bank-financed contracts for three years, as a result of a bribery conviction related to a Lesotho development project. Acres International received US$20.4mn in two contracts to work on the US$3.7bn Lesotho Highlands Water Project, which was designed to transfer water from Lesotho's Maluti Mountains to South Africa's Gauteng province.



The WB financed US$90mn of the project. In September 2002, the High Court of Lesotho convicted Acres on two counts of bribery, one of which was upheld on appeal in August 2003. At the time of the bribery conviction, the company paid a US$3.5mn fine.

Acres is the largest company to be sanctioned by the World Bank, according to the *Financial Times,* which reported that the bank has been under pressure to do more to wipe out graft. *(NDI, 26.07.04 & WB, 23.07.04)*

Africa Lacks Resources

Africa has signed numerous protocols to speed regionalisation in the areas of transportation, telecommunications and capital and labour mobility, but the pledges have not been given the financial and human resources required to succeed, the UN Economic Commission for Africa has said in a report entitled '*Assessing Regional Integration in Africa*'.

The Commission said the work of the continent's 14 regional economic commissions was stymied by overlapping mandates and membership, and that member states were often slow to sign and ratify pacts. Some protocols are also contradictory, the report said, recommending that the African Union play a larger role in streamlining the pacts and ensuring that they support continental interests. It also said that the New Partnership for Economic Development should be the driving force behind levying additional resources, particularly for the African trunk road network and an African railroad network. *(UN, 14.07.04)*

EU, SA on Trade Talks

The EU and the Southern African Development Community (SADC), on July 8, 2004, comprising Angola, Botswana, Lesotho, Mozambique, Namibia, Swaziland and Tanzania, launched trade and development negotiations in Windhoek, Namibia. These are the fifth in a series of regional Economic Partnership Agreements (EPAs) signed between the EU and African, Caribbean and Pacific (ACP) countries, under the Cotonou Partnership Agreement of 2000. Speaking at the opening of the EPA talks, SADC Executive Secretary Prega Ramsamy, reiterated the position of many ACP regional groupings by noting that the EPA negotiations should add value to the development process, and, in particular, assist SADC to implement appropriate strategies to deal with the problems of under-development and poverty in a sustainable manner. SADC has raised concern with regard to certain negotiating areas such as the EU's food safety requirements and rules of origin. SADC also expressed concern that the EU's reform of its Common Agricultural Policy (CAP) might weaken the value of traditional trade preferences enjoyed by its exporters. *(BW, 14.07.04)*

Concern over Sugar Ruling

The WTO panel on August 4, 2004, examining a complaint against the EC's export subsidies for sugar ruled in favour of Brazil and co-complainants Australia and Thailand in an interim decision issued exclusively to the parties.

In part of the claim, Brazil targeted imported raw sugar from the African, Caribbean and Pacific (ACP) countries. Part of the ruling held that 1.6 million tonnes of refined sugar, which the EC exported to the world market, corresponded to the amount of raw sugar it imported from India and the ACP. ACP fears they would not be able to compete on the world market with large efficient producers such as Brazil. Reportedly, the panel urged the EC to honour its commitments to the ACP in the implementation phase of the ruling. Moreover, the ACP are worried that gradually increasing least developed country (LDC) raw sugar exports into the EC under the Everything But Arms (EBA) initiative could further erode their sugar preferences. *(BW, 01.09.04)*

Biggest African Stakeholder

Kenya remains the second biggest foreign investor in Tanzania, with investments totalling Tsh240.575bn (US$240.5mn) in 184 projects undertaken between August 1990 and August 2004, with the bulk of Kenya's investment in the lucrative services sector that includes banking, insurance and media as well as tourism, manufacturing, trade and agriculture.

Kenya is only second to Britain, where between January 2004 and June 2004, Kenya registered 19 new projects with the Tanzania Investment Centre, and Britain registered 46 over the same period. Resource rich African countries, including Tanzania, were the main beneficiaries of FDI in 2003, with Morocco leading with a tremendous leap from US$480mn to US$2.3bn, due to privatisation of the country's tobacco group of companies. Tanzania's rank was 15. On the other hand, Africa's FDI inflow grew by 28 percent to US$15bn in contrast to the 40 percent drop to US$12bn in 2002. *(TEA, 27.09.04)*

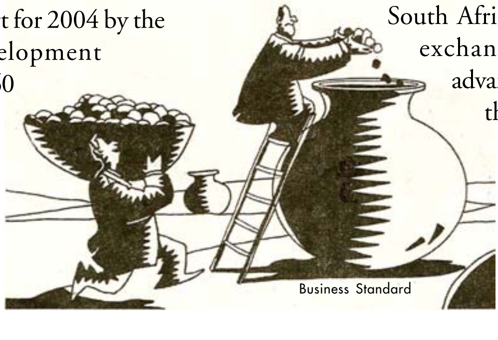
Self-assessed Taxes

Utilising the Common Market for Eastern and Southern Africa's (COMESA) efficient configuration of the Automated System for Customs Data (ASYCUDA ++), Uganda Revenue Authority has opened a one-stop customs facility for faster clearing of goods. The Customs Business Centre at Nakawa Industrial Area was opened on September 25, 2004. ASYCUDA++ is an electronic clearance process using a standard software package, which allows traders to create electronic import and export declarations from their offices, and prepay self-assessed taxes at the authorised banks at Nakawa, before presenting the declarations to customs. *(TM, 30.09.04)*

SA: Top Foreign Investor

South Africa (SA) is the top foreign investor in Africa and the region's "most attractive country" for investment, according to the World Investment Report for 2004 by the UN Conference on Trade and Development (UNCTAD). The country accounted for 60 percent of Africa's Foreign Direct Investment (FDI) outflows for 2003 and ranked ninth in terms of FDI outflow from developing countries.

Seven South African companies are the only ones on the continent that feature among UNCTAD's top 50 transnational corporations (TNCs) based in developing countries. The list includes paper manufacturer Sappi, petrochemical company Sasol, telecommunications company MTN, and mining giant AngloGold. The report noted the liberalisation of South Africa's regulatory regime and trade and exchange controls, and a technological advantage over other African firms as factors that had driven the country's outward FDI. In terms of inward investment, South Africa had benefited to the tune of just under a billion US dollars, and FDI in telecommunications and information technology had overtaken mining and extraction. *(UN, 28.09.04)*



Trade Talks Grind to a Halt

Free trade talks between the five members of the Southern African Customs Union (SACU) and the US have reached a dead end. This is due to fundamental differences on a number of key issues including intellectual property, investment rules and government procurement that have led to the negotiators to cancelling a meeting that had been scheduled on September 2004, with both sides agreeing to take time out "to clarify issues internally".

The Economic Times

If successful, free trade would ensure local exporters' preferential access to the US$1trillion US economy. Generally, SACU member states – South Africa, Lesotho, Swaziland, Botswana and Namibia – already have substantial duty-free access to the US for their exports, due to low US tariffs, the generalised system of preferences and the Africa Growth and Opportunity Act (AGOA). A free trade deal would extend and make permanent the benefits of AGOA, which expires in 2015 and is subject to annual reviews, while it would guarantee preferential access for US companies in the region and remove disadvantages resulting from SA's free trade deal with the European Union. *(BD, 22.09.04)*

Inadequate EU Compensation

Development aid promised by the European Union (EU) following its proposal to cut sugar prices to African, Caribbean and Pacific (ACP) producers is unlikely to benefit Southern African countries.

The Swaziland Sugar Association (SSA) questioned whether the European Development Fund (EDF), which had already committed resources to programmes underway in ACP countries, had adequate funds to compensate sugar industries, especially that the EU proposal to compensate for the price cuts had also recommended a direct income support for EU sugar beet growers from its agricultural budget to cover almost 60 percent of their projected loss.

Sugar is currently sold in EU countries at three times the international price, and the proposed reduction will affect the price at which Europe buys sugar from ACP countries. According to a proposal by the European Commission, ACP countries will continue to enjoy duty-free access to the EU, but between 2005 and 2008, the sugar purchase price will be reduced by one-third. *(UNIRIN, 28.09.04)*

Action Aid Slammed

The US and EU have been using strong-arm tactics against developing countries in the current WTO negotiations. According to the development organisation Action Aid's report entitled *"Divide and Rule: The EU and US Response to Developing Country Alliances at the WTO"*, the tactics of the EU and US, along with other developed countries at the WTO Ministerial in Cancun and since, have included bullying developing countries and attempting to split up the newly formed developing country alliances such as the G-20, G-90 and G-33.

The report claims developed countries used a series of aggressive attacks including threats of cuts to aid budgets, loss of trade preferences and the blocking of important loans and debt relief and setting developing country alliances against each other. *(AA, 26.07.04 & BW, 03.08.04)*

EC Reforms GSP

In the light of textile quota phase out in 2005, the European Commission (EC) announced a major overhaul of its Generalised System of Preferences (GSP). The changes will increase the EC's trade preferences for the world's poorest countries and decrease them for faster growing economies, such as China and India. Through the GSP, the EC grants imports from 178 developing countries either duty-free access or a tariff reduction. In 2002, the EC imports under this system were worth •53.2bn, while total EC imports amounted to •900bn.

EC Trade Commissioner Pascal Lamy did not release any details about the reform, but did say that instead of "having a scattered benefit to all developing countries", the new GSP would "focus efforts on the most needy countries". *(BW, 14.07.04)*

Poor Trade Negotiation Skills

Africa's trade negotiation capacity within the multilateral trading system is still poor. According to Dr. Christiane Leong, the Project Manager of African Capacity Building Foundation Project of the Common Market for East and Southern Africa (COMESA), the negotiation capacity gap between the industrialised and developing countries is still wide.

Developing countries don't have sufficient capacity to negotiate at the level of the World Trade Organisation. Africa must train its people to understand the issues that underlie World Trade Organisation's agreements, and how to benefit from them. This will determine whether Africa will be in position to push for favourable terms of trade. *(NV, 15.09.04)*

Dumping of Substandard Goods

Zambia has seen an unprecedented proliferation of substandard imported and locally manufactured goods, because it lacks clear cut definition of the type and quality that can be allowed on the market. According to the acting Director, Mataa Mukelabai of Zambia Bureau of Standards (ZABS), Zambia has been flooded with poor grade goods in categories such as shoes, garments, electrical appliances and other household goods, which could not pass any minimum quality test.

The inspectors are finding it difficult to destroy poor quality goods or put the traders to task despite complaints from the public because no definition of type and quality exists to pass inspection as market conforming. The ZABS has no comprehensive list of standards for products, but is only guided by fragments of other laws. *(TOZ, 16.09.04)*

DDT Use Irks Exporters

Uganda's coffee exporters have expressed concern about the Health Ministry's approval to use Diphenyl-Dichloro Trichloromethane (DDT) for the prevention of malaria. According to Clayton Arinanye, the executive director of the Uganda Coffee Trade Federation, Europe has the most stringent market requirements, yet it is the destination for most of Uganda's agricultural products. "If any of our agricultural products were tested by the importing countries and found to be containing DDT residues, Uganda's exports would be suspended. The result would be catastrophic not only to the private sector but also the government," Arinanye said.

The coffee exporters said if the Health Ministry goes ahead to use DDT, its contents could spill over to agricultural fields, especially in the rural areas where farmers have no idea of what happens when produce is mishandled. *(NV, 28.09.04)*

Farm Exports at Risk

The EU has tightened rules for exports coming from Kenya and other countries to include analysis of water used for irrigation at least once a year in a reputable laboratory and application of fertilisers only after soil analysis has been done. The most at risk are small-scale farmers growing fruits and vegetables for export who lack the knowledge, skills and resources to comply with the conditions by 2005.

Among other conditions, farmers are required to store fertilisers, chemicals and other farm inputs separately. The use of pesticides and other farm chemicals are restricted and residue levels are to be monitored. This requires that the government puts much emphasis on adult literacy education to enable illiterate farmers acquire skills that will enable them record every farm activity, especially in soil and water analysis. *(TN, 29.09.04)*

Meagre Investment Incentives

Uganda lost seven flower companies worth US$21mn to Ethiopia and other countries in the last six months due to inadequate investment incentives. According to the Uganda Flower Exporters Association (UFEA), flower companies, which wanted to invest in Uganda, went to Ethiopia because it offered better investment incentives. The minimum capital for starting a five-hectare flower farm is between US$2.5mn and US$3.5mn, and the turnover can reach US$2.5mn annually.

The 19 existing companies have invested over US$60mn in flowers, making Uganda the fifth largest exporter of flowers in Africa. Keith Henderson, the executive director of UFEA, said if the private-public sector partnerships were successful, annual export revenue from flowers in the next three years would exceed US$50mn. Ethiopia is busy marketing itself throughout the world and is offering better long-term incentives to new and existing investors. *(NV, 27.09.04)*

Lacking Coherent Trade Policy

African nations are applying trade policy "haphazardly", with too little relevance to development objectives. This is according to the United Nations Economic Report on Africa 2004 entitled "Unlocking Africa's Trade Potential", which goes on to argue that a dynamic trade policy, along with gradual and targeted liberalisation, has been more effective in practice than whole sale and unstructured liberalisation.

The report mentions Mauritius, South Africa, Namibia, and Tunisia as being the most competitive nations. In addition, the report analyses the current state of the Doha round as well as its collapse in 2003, and points out that a comprehensive approach to development that prioritises poverty alleviation is the most successful strategy. But, it seems Africa is destined to be left behind, because only five African countries reached the 7 percent growth rate that is necessary to reach the millennium development goal of halving poverty by 2015. These countries are Angola, Burkina Faso, Chad, Equatorial Guinea and Mozambique. *(INB, 30.09.04)*

Reform or Else…

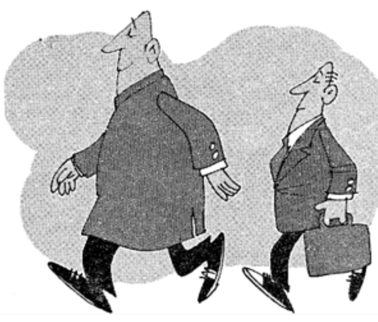
The three pioneers of the cotton initiative, namely, Benin, Burkina Faso and Mali, have been urged to continue their trade reform efforts to maximise benefits from cotton production. Using the Peer Review Assessments (TPR) of trade and related policies of the World Trade Organisation members submitted that the three West African cotton producing countries' commitment to structural reforms within the West Africa Economic and Monetary Union (WAEMU) framework has helped enhance their economic growth. The WTO reports, which together with policy statements from the governments in question form the basis of the TPR, also highlighted challenges the countries face as least developed countries (LDCs). One report noted, for instance, that Benin's reforms have not yet enabled it to reduce its dependence on cotton exports. While Mali enjoyed accelerated economic growth due to a boom in gold production, its competitiveness was affected by its landlocked situation. Furthermore, the political crisis in Côte d'Ivoire has affected trade in both Mali and Burkina Faso by raising transport costs due to the establishment of alternative routes to the Abidjan port. *(BW, 07.07.04)*

Hopes of Dairy Farmers

Dairy farmers in Uganda are eagerly awaiting the ratification of the East African Community (EAC) Customs Union next year due to an expectation that the accompanying reduction in tariffs will give the industry a shot in the arm. The immediate impact of tariff reductions will be that dairy products entering Kenya from Uganda will be taxed at zero percent after being taxed at six percent, and dairy products entering Tanzania will also be zero-rated as well after being taxed at 30 percent These facts were provided by David Balikoowa, the Ugandan Dairy Development Authority Research Officer, who sees a bright future for the Ugandan dairy industry despite the currently low level of exports. Uganda's exports of dairy products to the region are negligible yet the East African Community largely imports dairy products from third countries," he said. *(The Monitor, 03.09.04)*

Rwanda: Trade Conscious

The World Trade Organisation (WTO) has hailed Rwanda's continued trade, macroeconomic and structural reforms introduced since the 1994 genocide. In its report to the Rwandan government, the WTO said the ongoing Rwandan reforms were important "if it is to reap the full benefits of the country's participation in the multilateral trading system" and its recent accession to the COMESA (Common Market for Eastern and Southern Africa). However, the report recommended the need for considerable technical assistance from the international community to build capacity in trade negotiations, to integrate trade into its development strategy and harmonise its trade system with international standards.



Business Standard

Further international technical assistance was needed in Rwanda to effectively implement the WTO Agreements, particularly in the areas of customs valuation, sanitary and phytosanitary measures, technical barriers to trade and trade-related aspects of intellectual property rights. *(AN, 30.09.04)*

Disposing Outdated Pesticides

Switzerland has pledged US$500,000 to the Africa Stockpiles Programme to help rid the continent of the estimated 50,000 tons of obsolete pesticides that have accumulated in Africa. The Swiss contribution to the programme brings the pledged total to more than US$50mn of the US$250mn needed. The total includes US$25mn from the Global Environment Facility, more than US$15mn from bilateral donors, US$8mn — as part of a commitment of up to US$30mn over the 10 to 15 year life of the programme — from CropLife International, a plant sciences industry trade association, US$1.5mn from the World Bank and more than US$1.2 mn from the European Union. The programme aims initially to clear stockpiles from Ethiopia, Mali, Morocco, Nigeria, South Africa, Tanzania and Tunisia and will later work on nine other African countries *(ASP, 08.07.04)*

Online Clearinghouse Launched

The UN Economic Commission for Europe (UNECE) has unveiled a website, http://aarhusclearinghouse.unece.org, that will serve as an "environmental democracy" clearinghouse designed to spotlight the issues covered by the Aarhus Convention. Formally named the UNECE Convention on Access to Information, Public Participation in Decision-making and Access to Justice in Environmental Matters, the Aarhus Convention focuses on citizens' involvement in environmental issues and their ability to gain access to information held by public authorities, UN Secretary General Kofi Annan said in a statement on the new site.

The clearinghouse is home to information available to governments, non-governmental organisations, students, academics and the general public. Kaj Barlund, Director of the UNECE Human Settlements Division, hopes the website will be used as "a mechanism for promoting access to information and widespread participation in the development of environmental democracy throughout the region and beyond" *(UN, 13.07.04)*

Fall in Life Expectancy

Zimbabweans' life expectancy at birth has plummeted from 43 to 33.9 years as the HIV/AIDS pandemic continues to wreak havoc on the population, a United Nations Development Programme (UNDP) report has revealed. With an HIV/AIDS prevalence of 24.6 percent in the 15 to 49 age group, Zimbabwe is said to be one of the countries hardest hit by the pandemic in the world. At least one in every four adults is suffering from the disease, which causes more than 2000 deaths each week. The country, which is in the throes of one of its worst economic and political crises in two decades, is ranked 91 out of the 95 countries classified under the Human Development Index (HDI).

Zimbabwe is grappling with a worsening economic and political crisis, dramatised by acute shortages of foreign currency, fuel, food, deepening poverty and rising unemployment. The crisis, compounded by the violent occupation of prime farming land by government supporters, has spawned an unprecedented rise in company closures over the past years, rendering thousands jobless. *(FG, 23.09.04)*

New Malaria Candle

In South Africa, where malaria claims the lives of hundreds every year, the Council for Scientific and Industrial Research has identified a mosquito-repelling shrub, which it claims is 100 percent effective. The council has now developed a candle from the plant and it will go on sale in early 2005. The plant, which is only being referred to as BT1 for intellectual property rights and conservation reasons, was first researched 13 years ago and had been in use by traditional healers who have been guarding their knowledge about the medicinal uses of plants for hundreds of years.

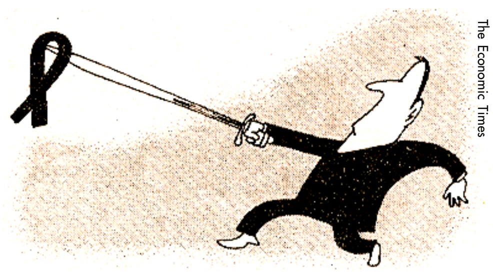
Tests on a leading repellent, however, have shown that it is only 40 percent effective. Cultivation sites have been established in Mpumalanga, the Western Cape and Limpopo. A candle-manufacturing factory is being built in Limpopo, which will lead to the creation of approximately 50 permanent jobs. *(ST, 26.09.04)*

Consumers' Fund Opposed

Kenya's Insurance industry players are opposed to the establishment of an insurance policy holders' compensation fund. What needs to be done, they said, is to transform the office of Commissioner of Insurance into an independent regulatory authority. The fund aims to cushion policyholders in the event that the insurer is unable to pay the claims. However, according to the Managing Director of British American Insurance, Ben Wairegi, strict supervision of the industry would eliminate the need for such a fund. What the industry needs, he said, is a strong and independent regulator to ensure that insurance firms operate in line with the principles of corporate governance so that the Commissioner would pre-empt the likelihood of an insurer running into difficulties. Statistics from the Association of Kenya Insurers show that out of a potential market of 10.4 mn, less than 300,000 have taken life insurance policies. The situation is not any different on the corporate scene. Only a few companies have insured their employees, with some 20,000 organisations operating without insurance. *(TEAS, 23.07.04)*

Declining Fight against AIDS

A new report accuses the International Monetary Fund (IMF) and the World Bank (WB) of undermining the fight against AIDS in Africa through their rigid financial policy recipes that are to fight inflation. The Government of Uganda nearly rejected a US$52 mn donation to fight AIDS "in order to please the IMF," the report documents. The report by four humanitarian agencies is presented in advance of the annual autumn meetings of the IMF and the WB, as an attempt to influence the two powerful institutions. The US-based Global AIDS Alliance is heading the lobbying efforts. The report concludes that "despite the severity of the AIDS crisis, IMF restrictions on public spending in poor countries are making it difficult for countries to fight the disease." *(AN, 23.09.04)*



Official Launch of the Study Report: Investment Policy in Zambia: Perceptions and Performance

Consumer Unity & Trust Society-Africa Resource Centre (CUTS-ARC) officially launched its Investment for Development study report entitled "Investment Policy in Zambia: Perceptions and Performance, and its advocacy document entitled "Investment Policy in Zambia: An Agenda for Action." The launch was held on September 14, 2004 at Pamodzi Hotel.

Official Opening and Launch

The guest of honour, the Permanent Secretary in the Ministry of Commerce, Trade and Industry (MCTI), Davidson Chilipamushi, observed that Zambia has not taken advantage of investment opportunities available to it as is evident by the lack of an investment policy. He argued that in the absence of the policy, decisions are made in a vacuum and lack consistency. He further took a swipe at the popular call for complete debt cancellation. That the country does not have an agenda to sustain the economy is bound to take it back into debt. Chilipamushi, however, expressed optimism that with the launch of the study report, it would help unlock some of the difficulties Zambia has been facing in promoting investment.

Presentations

Professor Oliver Saasa, of the University of Zambia, argued that a certain balanced level of industrial protection, including ironing out corruption, increased economic diversification, addressing hidden costs of doing business, developing a good capital market, addressing the supply side in skills training and ensuring a stable political landscape, are keys in attracting the dwindling foreign direct investment in Zambia.

Chris Sealy of the Private Sector Development Programme (PSDP) emphasised making *right* the psychological environment because attracting investment is not entirely a rational activity and is never based on purely economic considerations. This means that if Zambia has to attract investors, then all key institutions such as the investment centre, hotels, relevant ministries, etc would have to spend time, money and effort on improving the emotional and psychological environment by making it comfortable to investors.

The Zambia Investment Centre representative A C Mwitwa highlighted the "ground reality". He cited corruption, procedures, and high costs of doing business, among other reasons, as the cause of reduced investment pledges in the country. He further pointed out that ever since the Centre was established, there had been no policy on investment to guide it; thus the Centre was governed by an investment act, which was inadequate to address all the problems and was undergoing a structural review. Calls by some sectors of society to have a 'one stop shop' to address the current problems on investment were ambiguous, and not workable. It was impossible to compress the different units of government in a conglomerate, because each unit had a specific mandate enshrined under specific acts of parliament.

Professor Vikantesh Seshamane said that the cost of doing business in Zambia was too high, infrastructure was in a deplorable state and companies charged exorbitant rates for services – this more so in the tourism sector than anywhere else. It was also pointed out that there were serious weaknesses at the implementation level. Participants also questioned qualifications of the manpower that was appointed to handle the privatisation process, especially considering that the performance of the privatised companies had been suboptimal.

James Chansa of CUTS-ARC briefly outlined the interactive nature of the methodology used in conducting the study, which included the involvement of National Reference Groups (NRGs), the civil society survey and the extensive desktop survey. He mentioned that successful privatisation does not lie in the speed of the privatisation process. FDI that was attracted to Zambia was resource seeking.

George Lipimile, Executive Director of Zambia Competition Commission (ZCC), felt that public monopolies simply transformed themselves into private monopolies. He said that Chilanga Cement was taken over by the biggest international cement producing company – Lafarge; Zambia Sugar Company was taken over by Ilovo and Coca Cola took over Cadbury Schweppes, etc. He noted that this reduced greenfield investment and increased the risk of smaller, local firms being taken over by foreign firms. If this situation persisted, he said, a situation of market foreclosure was ensured.

Kasote Singogo, stressed "the link between Investment Policy and National Development Strategy." He emphasised the need to mobilise natural links, such as those naturally occurring between Zambians and Malawians, and Zambians and Congolese. He also recommended synergy between the various investment related ministries. Singogo also favoured an 'open skies' approach, where Zambia expands passenger and cargo transportation to key cities of the world to solidify Zambia's position as an emerging commercial and financial region in the marketplace. This, he said, will mean that Zambia will no longer consider its landlocked position as a disadvantage.

Other recommendations stressed the need to restrict 'warehouse' investing and embracing one project at a time. It was also agreed that the country should increase value addition for crops, especially cotton, instead of the current scenario where commodities were being exported in their unprocessed form.

Conclusion

The event provided a platform for the beginning of structural changes, especially with mindset adjustment of 'can do' instead of 'can't do'. Sajeev Nair of CUTS-ARC outlined the way forward, feeding the information gathered into the discussion on national investment policy. He also expressed the need for the creation of a National Investment Council as a forum, where important investment information could be utilised. He said that there was a need to form strong partnerships not only among civil society organisations, but also with government and inter-governmental organisations. This, he said, would create a vanguard upon which an effective and time-tested investment policy would be built.

Capacity Building in Zambia

Consumer Unity & Trust Society-Africa Resource Centre (CUTS-ARC), in conjunction with Participatory Ecological Land-Use Management (PELUM), is launching a programme to undertake advocacy, networking and capacity building in Zambia in order to understand and generate a debate on the New Partnership for Africa's Development (NEPAD), especially on its link with trade and poverty. The project will endeavour to bridge gaps between the sector stakeholders, civil society, academics, business and policy makers, with the objective of increasing the awareness of the issues raised in NEPAD and how these connect trade policy, trade partnerships and poverty reduction through improving the living conditions of the poor.

Consequently, two capacity building and consultative workshops have been planned for in Lusaka and Livingstone. This will culminate into a national broad consensus on NEPAD, which will, in turn, culminate into a national advocacy document and a newsletter called the NEPADWatch, plus the formation of an alliance of progressive organisations aimed at monitoring the progress of NEPAD and how the country can work cohesively on participatory dimensions in conjunction with policy makers.

The other objective of this programme is to enable the stakeholders become part of the coordinating workgroups in the various initiatives undertaken by the country/government on NEPAD by providing feedback and establishing upward and downward linkages. Special effort will be placed on strengthening an understanding among stakeholders of the dynamics between NEPAD, the various trade agreements, the transitional national development plan and the PRSP. Thus, there will be a general ability among stakeholders to assess the level of the government's commitment towards the NEPAD process and investigate proactive areas for the direct involvement of other stakeholders, for example, farmers and businesses.

To achieve the above objectives, a multifaceted approach will be taken to involve training workshops, information sharing, networking and advocacy with the aim of demystifying the myths and realities of NEPAD. This programme will seek to minimise the misunderstanding and scepticism about NEPAD not only among policy makers, but also among the business and civil society in Zambia.

Seminar on

Can Africa trade her way out of poverty?

CUTS-Centre for International Trade, Economics & Environment, Nairobi, in partnership with Friedrich Ebert Stiftung, will be holding a regional seminar: "Can Africa trade her way out of poverty?" in Kenya on October 25-26, 2004. The seminars main theme will be 'Pro-poor Trade Policy for sub-Sahara Africa'. It will draw participants from Africa and Asia, and will serve as a platform for South-South dialogue on lessons and experiences of trade liberalisation and its impact on the poor. Thus, the main issues planned for discussion at the meeting include: the linkages between trade and poverty, distribution of wealth and social standards.


ECONOMIQUITY

Why do the Rich Countries not take UNCTAD Seriously?

Economiquity

This particular issue (April-September, 04) throws light on the UNCTAD XI held at Sao Paulo, Brazil, with the cover article focusing on developed countries' increasing apathy towards it. This issue also includes a four-pager insert on WTO negotiations. It may be recalled, a major breakthrough achieved in July, at Geneva, brought the bewildered Doha Round of trade negotiations back on track.

Sources

AA: ActionAid, AFP: Agences France Presse, AN: Afrol News, AP: Associated Press, ASP: Africa Stockpiles Programme, BW: Bridges Weekly, FG: Financial Gazette, INB: I-Net Bridge, NDI: Nicol Degli Innocenti, NV: New Vision, ST: Sunday Times, TM: The Monitor, TEA: The East African, TEAS: The East African Standard, TN: The Nation, TOZ: The Times of Zambia, UN: United Nations, UNIRIN: UN Integrated Regional Information Networks, WB: World Bank, YN: Yahoo! News,

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