Tradequity
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AU-LDCs Declarations: Can They Withstand Pressure This Time?

Introduction

Least-developed countries (LDCs) adopted a common negotiating position in the Doha Work Programme talks ahead of WTO Ministerial Conference in Hong Kong, in December 2005. In LDC trade ministers meet in Livingstone, Zambia, on June 25-27, 2005, they adopted the 'Livingstone Declaration'.

Earlier, the African Union (AU) trade ministers met in Cairo, Egypt, on June 8-9, 2005 and issued the 'Cairo Declaration' calling for a 'credible end date' for the elimination of export subsidies on agricultural products, reduction of domestic subsidies, and mechanisms to tackle performance erosion in agricultural market access.

The main areas of concern were agriculture, non-agricultural market access (NAMA), special and differential treatment (S&DT), and trade in services.

The Declarations

The Livingstone Declaration calls for binding commitment on duty-free and quota-free market access for all products from LDCs to be implemented on secure, and predictable basis. Also, the declarations call for a Special Safeguard Mechanism (SSM) to respond to the needs and circumstances of LDCs, which enable them to adopt emergency measures.

The Cairo Declaration calls World Trade Organisation (WTO) members to demonstrate the requisite political will to achieve progress prior to the Hong Kong Ministrial, and hence adopted Cairo Road-Map on the Doha Work Programme. On NAMA, it urges WTO members to identify an appropriate formula that would allow African countries to undertake the necessary industrial policies and principles of non-reciprocity, and S&DT.

Major Concerns

The 41 LDC trade ministers expressed the following concerns:

- the failure to meet deadlines set out in the Doha Ministerial Declaration is jeopardising the development objectives of the Doha Development Agenda (DDA), which leads to a continuous marginalisation of LDCs and their exclusion from the multilateral trading system;
- the slow progress in finding a permanent solution through amendment of the Trade Related Aspects of Intellectual Property (TRIPs) Agreement to access pharmaceutical products at affordable prices; and
- the continuing onerous demands put by some WTO members in the accession process of LDCs.

Civil Society Organisations (CSOs) who met at the sidelines of the LDCs ministerial meeting, expressed concern over tariff peaks and tariff escalation in products of particular concern to LDCs, such as cocoa, coffee, oil seeds, vegetables and fruits. They pointed out that free market principles tied to development are fundamentally flawed.

Bitter EU Sugar Reform

The European Union's (EU) recent market reform proposes a two-step, 39 percent cut in the intervention price of sugar prices, and a restructuring scheme that could adversely impact LDCs sugar exports to the EU. They urged the EU not to cut prices so steeply and quickly, arguing that more time would help the LDCs build up their sugar industry. However, EU Agriculture Commissioner, Mariann Fischer Boel, said that sugar from LDCs could flood the EU market if the current guaranteed EU price was not cut.

Pro-poor Trade Policies

CSOs called on the WTO and major trading partners to adopt pro-poor policies in trade talks to facilitate development and poverty eradication. The memorandum from CSOs hailing from 14 African countries noted that the lack of progress on S&DT reflected an absence of commitment by major trading countries to promote development within the multilateral trading system. They urged LDC Ministers not to accept the use of S&DT as a negotiation tool and to remain firm in articulating and sustaining positions.

G8 Aid-for-trade Initiative

The outgoing WTO Director-General Supachai Panitchpakdi pledged to lend his support for the aid-for trade initiative at the July 6-8, 2005 G8 summit in Scotland, as the success of the 'aid-for-trade-initiative' would help extend more significant trade development benefits to LDCs. However, in Scotland, the G8 came up with a list of only 18 countries as being eligible for a US$40bn debt write-off, a debt relief through the conditional so-called enhanced Heavily Indebted Poor Countries (HIPC) Initiative.

Conclusion

As the Hong Kong Ministerial approaches, LDCs are set to come under even more intense pressures to the manipulative and undemocratic methods employed by the developed countries to get their way. Multilateral institutions, such as International Monetary Fund (IMF) must readjust their policies to become coherent with the international monetary, financial and trading system to complement LDC's development efforts.

IN THIS ISSUE

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Debt Relief is Not Foreign Aid

Countries should think twice before declaring debt relief as part of their foreign aid efforts. They should note that forgiveness of bad debts in oil-producing countries like Iraq "is not comparable to aid to Africa to combat HIV-AIDS or building ports." Though Organisation for Economic Cooperation and Development (OECD) rules categorise commercial debt relief as foreign aid, such rulings may weaken the real impact of recent increases in aid.

According to reports released by the IMF, such aid has done little to fundamentally solve Africa's problems, especially poverty reduction. "We need to be careful given the checkered history of aid, that we do not place more hopes on aid as an instrument of development than it is capable of delivering," the IMF reports said. *(FT, 29.06.05 & 12.04.05)*

Approach to Fight Poverty

The experimental Millennium Village Project now underway in countries like Kenya draws upon one-village-at-a-time scheme of the bold science-based action plan to fight poverty. It aims to identify the practical ways in which impoverished villages in Africa and elsewhere can adapt and implement the interventions.

The Millennium Village approach recognises the interdependence of the various Goals and stresses the need for simultaneous investments across agriculture, health, education, environment and infrastructure – all critical for success, and implemented in a time-bound manner with clear targets and goals. The Project intends to prove that the villages can be lifted out of poverty for roughly US$110 per person, a method they hope to replicate to meet the Millennium Development Goal (MDG) of halving the number of the world's poor by 2015. *(TNYT, 04.04.05)*

Denmark Suspends Aid to Kenya

Denmark has suspended aid to Kenya and also postponed discussion on new projects. Danish Minister for Development Cooperation, Ulla Tornaes, said the suspension would not be lifted until there were signs of progress in the right direction. Tornaes attributed the suspension to the Government's refusal to renew work and stay permits for three Danish nationals working for MS Kenya, a Danish NGO. She further added that the Danish Government had no reason to doubt the assurances it received from the organisation that its employers had operated in a professional manner.

Tornaes lauded Kenya for recognising the important role played by civil societies. She said that the Danish Government would uphold the suspension until things moved in the right direction. "I will keep the Danish country assistance strategy for Kenya on hold," she said.

(TP, 14.06.05)

Tourism Potential for Africa

Delegates at the African Travel Association (ATA) conference in Nairobi were informed of the enormous potential in tourism. According to the WTO, tourism is one of the most effective and dynamic generators of economic growth worldwide, by creating one in every 11 jobs, contributing to international and regional economic growth, bridging disparities between developed and developing countries, bringing prosperity, and thereby fostering peace.

Despite unique resources and cultures that can attract tourists, Africa only accounts for five percent of the international tourism market share. Economists project that by 2020, there will be about US$1.6bn international tourist arrivals worldwide. These are expected to spend over US$2tn. ATA President and Zambian Tourism Minister, Patrick Kalifungwa, told delegates that Africa should market tourism as a unit and concentrate on marketing, development of infrastructure and developing tourist attractions. *(TNV, 30.05.05)*

Drought Relief Measures

Botswana President Festus Mogae declared Botswana "drought stricken" after poor rainfall resulted in widespread crop failure, and has announced relief measures that will run until June 2006. According to the Ministry of Agriculture, only 72,500 hectare – a quarter of the cultivable 325,000 hectare – was planted. This year's cereal production is now estimated at about 19,000 metric tonne, about 10 percent of the national requirement and less than half of the 46,000 metric tonne produced during 2003-04.

He announced free distribution of seeds to a minimum of five ha per farmer in the communal sector, and a 25 percent price subsidy on selected cattle feeds, including decalcium phosphate, winterlink pellets and course salt.

To mitigate the effects of drought, the Government would provide income support to needy families for the next 12 months through a labour-intensive public works programme including bowed water to 63 villages.

(TP, 14.05.05)

Contingent on Oil/Diamond

The latest statistics published by the governmental Private Agency for Investment (ANIP) in Angola, indicate that the value of Angola's exports has risen in the post-war years but oil and diamonds are the principal exports. In 2004, the value of exports was just over US$10.5bn and was made up of 91.92 percent oil and oil derivatives, 7.45 percent diamonds, 0.11 percent fish, 0.05 percent non-ferrous scrap metal and 0.47 percent comprised 'miscellaneous exports' such as wood, cassava.

This means that Angola is entirely dependent on natural resources with others lagging far behind. Oil and diamonds are sold mainly to the US, Europe and East Asia, while the very minor exports of food and wood products go to neighbouring Southern African countries. Angola is a member of the Southern African Development Community (SADC), but its exports to the region are still insignificant.

(AN, 04.05.05)

Model to Fund Africa

According to the Mozambique Prime Minister, Africa should follow her country's example and use concessional resources. She described out the successful model, implemented in her country where western donors fund government programmes directly through the state budget. She said it worked well with Mozambique and should be replicated across Africa.

17 donor agencies and countries inject direct budgetary support each year, agreeing on funding with the Mozambican Government for areas, such as social spending, infrastructure development and economic growth priorities. Approximately 40 percent of Mozambique's state budget is funded in this way and the country has maintained a steady economic growth of about 10 percent over the past decade.

(Reuters, 27.05.05)

'Escape Route' from Poverty

Development economist and United Nations adviser Jeffrey Sachs has argued for increased aid from rich countries to help improve African prospects in health, education, agriculture and infrastructure. Sachs said that the most urgent problem lies in the extremely low amount of aid given by the US. While an 'escape route' for Africa is on the horizon due to the G8 meetings in Scotland, real change cannot occur without greater financial commitment from the US.

Africa needs increased investment to emerge out of pervasive hunger, disease and poverty, and those investments need to be funded by increased aid from the world's rich countries. Africa's investment priorities lie in four main areas: health, education, agriculture and infrastructure. Europe has helped, now it is the turn of the US to continue the process. *(IHT, 15.06.05)*

SA on a String in Textiles

Former European Union Trade Commissioner and incoming Director General to the WTO, Pascal Lamy, has said that South Africa's textile industry cannot be sheltered against Chinese competition in the long-term. It has to find ways of exploiting its unique recompense, such as hi-tech industrial fabrics and designer wear. He added that the WTO could offer impermanent intervention by means of safeguard measures, during which time industries could recover and plan adjustments.

The recovery would, therefore, accelerate economic development. Lamy suggested that the answer for South Africa might lie in setting up strong regional blocs that would provide economies of scale, and regional economic amalgamation is a way for African countries to enter the global market successfully. *(BR, 13.05.05)*

Namibian Economy Bright

According to Namibia's Institute for Public Policy Research, business prospect in Namibia is on the rise and the Business Climate Index has reached all-time high of 118 in March 2005 compared to a low of 100 in May 2003. Almost 50 percent of companies surveyed anticipate increased revenues in 2005, and over 50 percent said they would invest in their businesses over the next 12 months.

The Economic Times

The good news is that tourism, a significant generator of employment and the third largest source of foreign exchange, is booming. Anglo American recently commissioned the NA$3.2bn (US$500mn) Skorpion Zinc Project at Rosh Pinah, one of the largest investments in the country since independence. It is expected to produce 150,000 tonnes of zinc a year for export and will contribute about four percent to Namibia's gross domestic product (GDP).

(ST, 17.05.05)

G8 Says Yes to Debt Relief

The G8 at its London summit on June 11, 2005 agreed to cancel US$40bn worth of debt owed by 18 of the world's poorest countries, mostly in Africa. Much of the cancelled debt was owed to international institutions, such as the World Bank (WB). Under the agreement, the WB, the IMF and the African Development Bank (ADB) will immediately forgive 100 percent of the money the 18 countries owe them.

The debt relief is aimed at boosting aid for developing countries in achieving Global Call to Action against Poverty. Nine more countries are expected to qualify within 18 months, which will bring the total debt write-off to US$55bn.

Over 600,000 Africans, mostly children, will remember this G8 summit at Gleneagles because they will be around to remember this summit, which they would not have otherwise. *(BW, 15.06.05)*

Double Aid to Africa by 2010

The EU as a whole has committed to double its aid programme to Africa by 2010 with an additional promise to reach the UN goal of 0.7 percent of gross national product (GNP) by 2015. Total aid to developing countries, including Africa will rise from US$40bn in 2005 to US$80bn by 2010.

Although Germany and Italy have signed up to the aid pledged, they have warned they might not be able to deliver. The US spends only 0.16 percent of aid although Washington insists it bears its share of international burden in other ways.

The Americans are also sceptical about the effectiveness of aid and like the Germans and Japanese, will want concrete realistic proposals in place to tackle the issue of corruption within African governments to ensure that any new aid is not wasted.

(TEA, June 6-12, 05)

New Growth Strategy

Economic growth has been strong in Tanzania during the last three years, though the current growth rate of 6.7 percent has been hampered by poor infrastructure, a key limitation factor to GDP. Finance Minister Basi Mramba said the Government would pay more attention to infrastructure as a new strategy for promoting higher growth from the next financial year.

He said about 40 percent of Tanzanian budget expenditure for the next financial year, like the current year, will rely on donor funding adding that the 2005-06 expenditure will be increased by 30 percent.

Among the variety of strategic options, such as creation of more but manageable fiscal space for infrastructure and favourable climate for build-operate-transfer or build-own-operate-transfer infrastructure projects will be explored for financing infrastructure development and maintenance.

(TEA, June 19-25, 05)

Low Trade in SA Sub-region

The United Nations Economic Commission for Africa (UNECA) said that trade in Southern Africa sub-region is both low in volume and value because of lack of integration, which is mainly due to trade barriers, unsustainable macro-economic environment and the vicious cycle of indebtedness.

Trade policies are a series of reciprocal arrangements made among contracting parties based on a most favoured nation (MFN) basis. Those not part of the Free Trade Area (FTA) were usually granted trade preferences by FTA members on reduced tariffs agreed upon. The reciprocal arrangements are signed by Common Market for Eastern and Southern Africa (COMESA), SADC and Southern African Customs Union (SACU) regional groupings. Trade concentration among a few member countries may be attributed to trade liberalisation policies and lack of production capacity.

There is a need for convergent bilateral and multilateral trading arrangements among participating countries to avoid trade deflection.

(ZDM, 13.06.05)

Fair Trade Eludes SADC

The SADCs goal to create a balance in regional trade among the member countries remains a set back as South Africa still largely dominates the economy and runs a one-country show.

Overall, in terms of GDP in SADC, South Africa still remains the largest economy in the region. The total GDP of the other SADC states comes to barely a third of South Africa, which saw its GDP grow by 2.6 percent in 2004 and has forecasted to grow by 3.2 percent in 2005.

According to SADC statistics, South Africa accounts for 65.7 percent of the total GDP, followed by Angola and Tanzania with 13.0 percent each. Seychelles contributes a mere 0.4, Lesotho 0.5, Swaziland 0.7, Malawi 1.2, Namibia 1.9, Mozambique 2.2, Zambia 2.4, Mauritius 2.9, Democratic Republic of Congo (DRC) 3, Zimbabwe 3.1 and Botswana 3.6 percent respectively. So far, Botswana is the only country that has proved successful due to its diamonds. *(AA, 18.06.05)*

More Poverty in Africa

Asia's remarkable victories in its war on poverty have put the world, except for sub-Saharan Africa, on target to meet the MDGs.

The number of people living in extreme poverty has fallen by 130 million worldwide since 1990, even with overall growth of more than 800 million in the developing regions since then, according to the United Nations interim survey the Millennium Development Goals Report 2005.

Under-Secretary-General for Economic and Social Affairs, José Antonio Ocampo, said that contrary to global trends, extreme poverty has actually increased in sub-Saharan Africa since the 1990s. And while about one billion people in the developing world still live on less than a dollar day, in sub-Saharan Africa, that income actually fell, from 62 cents a day in 1990 to 60 cents in 2001. By 2015, the poorest countries in Africa are likely to have a rising proportion of those living in extreme poverty. *(UNW, 09.06.05)*

COMESA Lacks Drugs

The ban on India to produce generic drugs under patent laws by the WTO will have serious consequences on most COMESA countries. The development will have serious effects on the reliability and affordability of the medicines, most of which rely on India for medicines.

This calls for the need to harmonise the pharmaceutical regulations and procedures in the region to avert the shortages that could arise as a result of the ban. The medicine shortage will potentially affect the realisation of the MDGs, especially that of combating HIV/AIDS and malaria. Unlike other products, pharmaceuticals are currently not enjoying the full benefits because of varied regulatory requirements of member states despite the region enjoying considerable potential of intra-COMESA trade. *(ZDM, 14.06.05)*

SADC Free Trade Zone

Paul Berenger, acting Chairman and Mauritian Premier, says the FTZ that is being established by the SADC, will create an area for sustainable development and assist SADC in promoting its products globally.

The Protocol on Commercial changes is currently being implemented, which focuses on air connections. It is hoped that after the establishment of FTZ, cheaper and more regular flights will start operating among the member nations. SADC is made up of 13 African countries.

This will, in turn, stimulate imports and exports. Digital development networks, expanding Internet services, an increase in the number of telephones and more and more inter-regional telecommunication networks, are the other areas, which are regarded as vital if progress is to take place.

(APA, 18.05.05)

COMESA: No Replacement

The proposed East and South Africa (ESA) economic block will not replace the COMESA. COMESA Secretary General, Erastus Mwencha said though the trading block supported the EU funded negotiations to create ESA, individual countries might be forced to sign their own agreements with the world's largest trading block. There have been strong fears that ESA would make COMESA irrelevant.

Nearly all countries within COMESA region are grouped under the ESA negotiating group, though a few others like Zimbabwe, Mauritius, Seychelles and Mozambique are members of the SADC.

But Mwencha did not rule out the possibility of COMESA signing a future treaty with the EU as long as the two blocks agreed on several outstanding issues. The issues include the development assistance identified in the negotiation framework. *(TS, 11.05.05)*

Africa Tired of Aid?

As a natural phenomenon, Africa cannot turn down debt cancellation or aid packages, but is becoming tired of being considered as a case of charity and is distrusting the motives of the donors, suspecting them of prioritising their own agendas. Nicky Oppenheimer, chairman of De Beers to the International Institute for Strategic Studies (IISS) said this in London lately, emphasising that 2005 appears to be "Africa's year" with Tony Blair.

The statement underlined the fact that Africa should take care of its own responsibility rather than the West deciding what Africa should do.

Aid is not awful but it should be specifically prioritised in areas such as capacity building for public services, fight against HIV/AIDS and other endemic diseases like tuberculosis and malaria. The role that trade plays as opposed to aid, in enhancing development can be evidenced by the recent growth of Botswana and Mozambique. *(ST, 20.06.05)*

Mobile Markets

Thousands of settlers along the Zambian borders are living in miserable conditions, as unscrupulous buyers from urban areas like Lusaka and Copperbelt exploit them by grabbing their produce at giveaway prices.

The buyers, not the producers, have the exclusive right of determining the prices of a given produce. However, a solution has been worked out in Lundazi district of eastern province of Zambia through the Malawian government initiative called mobile cross-border market. This market keeps shifting across the Zambia-Malawi border, attracting traders and settlers from Malawi, Tanzania and Zambia who are finding it easier to market their produce on a fair price.

Operating between 0500 to 2000 hours, these markets have everything a consumer can vie for ranging from divine services provided by the witch doctors, television sets and radios, bicycles, car spare parts, dry cell batteries, cellular phones, razor blades, clothes etc. *(ToZ, 27.06.05)*

Zambia's Exports Surge

Zambia's export earning in the first half of the year 2005 have statistically gone up by 38 percent on the value of non-traditional exports as compared to the earnings of the similar trading period in 2004.

Zambia's major market being South Africa accounted for US$17mn of export earning followed by DRC with US$6.6mn and UK with US$3.1mn. The growth in exports is seen in Burley tobacco, cement, cotton yarn, copper wire and electrical cables, fresh flowers, gas oil, gemstones, soya beans, sugar and electricity.

The surge in Zambia's export is attributed to a shift in the demand for cement and related products, which originally came from Burundi and Congo which are currently undergoing major reconstruction. Secondly, the new players who entered in the floriculture industry when Zimbabwean farmers migrated to Zambia, worked to boost the economy. *(TP, 20.05.05)*

CSOs for Aid Channelling

Civil society groups in Mozambique say the savings resulting from debt relief should be channelled into developing the country's agricultural sector.

Mozambique is among the 18 countries eligible for a total write-off of foreign debt after an agreement was reached by the G8 countries in London.

"We were surprised by the G8 decision, but we see it as a step forward in a long process," said Silvestre Baessa of the Mozambique Debt Group. Mozambique is expected to save around US$55mn a year as a direct result of the G8 decision. Since the end of a 16-year civil war in 1992, the country has been roundly praised for achieving the fastest economic growth rate in Africa – around eight percent annually – between 1994 and 2002, while inflation dropped from about 70 percent in 1994 to around 10 percent currently. *(UNIRIN, 14.06.05)*

EU Bans Exports

The recent suspension of Swazi beef exports to the European Union (EU) is expected to exert further pressure on the country's weakening economy. Beef products were banned by the EU after Swaziland failed to produce the necessary paperwork needed to track the provenance of slaughtered cattle. The ban has dealt a severe blow to small herd owners at a critical time of year for cattle sales. For reasons unknown, cattle vaccination records are either incomplete or have been lost.

Swaziland enjoys a quota of beef sales to the EU, guaranteed under a bilateral treaty. After the ban came into effect, local beef prices immediately fell by 14 percent, despite assurances from agricultural authorities that cattle unacceptable to the EU would be sold to neighbouring Mozambique and South Africa. In Swaziland, quality control routines still remain poor, causing the current EU import ban. *(UNIRIN, 11.04.05)*

Problems Looms on Lesotho

Lesotho has been characterised by poverty and poor infrastructure. In addition, it has 30 percent of its adults infected with AIDS leaving over 100,000 orphans. Following the signing of the FTA by SACU, Lesotho will face a revenue loss due to the elimination of the customs duties.

Under the arrangement, Lesotho is paid off for her lack of industry, thus being mandated to charge customs duties on imports. The removal of such duties and the subsequent loss of revenue are unfavourable to Lesotho's economy. Due to the ending of the textile quota system in January 2005, the Korean and Chinese closed their firms in Lesotho thereby increasing the rate of unemployment.

Lesotho's woes were made worse by the closure of the South African gold mines in which migrant workers from Lesotho lost their jobs. *(BR, 30.06.05)*

Bio-diversity vs. Development

Competition between miners and environmentalists in Madagascar could determine the future of the island-nation's inhabitants, pitting those who hope to bring jobs and development against defenders of Madagascar's unrivalled bio-diversity. Rio Tinto, a large global mining firm, has recently received permission to go ahead on a US$770mn Ilmenite mining project in south-western Madagascar. The mine could bring much needed income to Madagascar, which is among the world's poorest countries.

While many poor Malagasy people would welcome economic opportunity, environmentalists fiercely oppose the mine saying it will adversely affect local people and result in the destruction of coastal rainforest. However, development experts say some kind of compromise through environmental attitude change among miners is likely to be reached, and note President Marc Ravalomanana's commitment to preserving Madagascar's environment "for the future generation." The miners promise, among other things, to embark on a tree planting exercise after the extraction exercise is over.

(BBC, 11.04.05)

Disease and the Dead Drugs

Poverty, illiteracy, poor medical facilities and weak regulation mechanisms have resulted in the increased number of HIV/AIDS, malaria, etc in Zambia. The worsening condition of HIV/AIDS has brought

http://www.newsart.com

about a new challenge for consumers, as there has been an increase in a number of outlets selling drugs or pharmaceutical products. In most cases, the illiterate consumers are not able to detect the expiry dates of drugs. Further, due to acute poverty, they cannot afford to purchase drugs from genuine outlets.

This has created a serious problem for consumers in Zambia who are not adequately protected by the regulatory framework. And to add to the consumer's woes, the threat has doubled, as people are dying more by using 'expired' drugs than from actual diseases. *(ZDM, 22.05.05)*

Diminishing Water Resources

Industrialisation in the next three decades in Africa will be greater than what it was in the past three decades, making it difficult to continue with the current pattern of natural resource use. The study of the International Water Management Institute on supply and demand for water, indicates that by 2020, one third of the world population would live with physical water scarcity.

In Africa, water scarcity afflicts 300 million people and claims at least 6,000 lives a year. The UN estimates that by 2025, about one in two Africans will be living in countries that are confronted with water stress or water scarcity. This stimulates the need for investments in infrastructure to access and store water resources, and to increase yields from rain-fed agriculture. Increased efficiency in irrigation methods, accompanied with good governance and policies that reduce the dependence on climatic conditions, and introduction of incentives to reuse and recycle water can help sustain water. *(ZDM, 20.06.05)*

Kids Crush Stones for Schooling

Poverty has forced many Beninese children to resort to crushing stones into gravel to gain entry to the school premises. In Benin, a hammer for chipping stones is all a rural Beninese child needs to get through to school, a work declared harmful to health by a world convention on child labour.

Sitting on a stone outside the village of Tchatchegou, 250 km north of Benin capital, 17-year-old Maxime said that crushing stones was about the only good work going on in the area, whereby he could earn up to US$3 that he used to pay school costs and help his parents. Across the poor nations of sub-Saharan Africa, some 48 million children aged under 14 work for a living, according to the International Labour Organisation (ILO). *(UNIRIN, 29.06.05)*

BIG Universal Grant

Namibian churches and NGOs have launched a coalition to lobby for introducing a universal grant for the country's poor. Borrowing the idea from neighbouring South Africa, they propose that a Basic Income Grant (BIG) be paid to every Namibian citizen from birth until the age of 60, when the national pension kicks in. BIG avoids the stigma of means testing, and puts cash directly into the hands of the poor.

Although the rich would also receive the grant, its proponents argue that the tax system could be remodelled to ensure that the better off pay back the cost of the grant. The proposal calls for the government to pay a monthly cash grant of NA$100 (US$16) to every Namibian, which would mean a basic income of NA$600 (US$100) for a family of six. According to Evangelical Lutheran Church in the Republic of Namibia (ELCRN) Pastor Dirk Haarmann, providing BIG to Namibia's roughly one million people would cost US$200mn a year. *(UNIRIN, 29.04.05)*

Policy Breeds Food Insecurity

Government interventions aimed at boosting food security in Malawi have had the opposite effect, according to a recent research report by Lawrence Rubey. The report argues that the poor weather, sale of country's grains reserve, spike in maize prices coupled with the long-term deterioration in rural incomes had created a shortage in 2004.

During the 2001-02 period, ADMARC, the agricultural marketing parastatal, attempted to subsidise maize, ostensibly to help consumers gain access to low-priced maize, which remained unaltered for the next 18 months. But, in comparison to prevailing market prices in 2001, this ADMARC price was too low in both Malawi and neighbouring countries. With no subsidised ADMARC maize available, "consumers had to turn to private markets ... given the limited private sector supply, maize was scarce and prices for maize in local markets skyrocketed, quadrupling in some cases in just a few months," Rubey noted. *(UNIRIN, 03.05.05)*

CUTS Facilitates New Partnership for Africa's Development

CUTS Africa Resource Centre (CUTS-ARC), Lusaka in collaboration with Participatory Ecological Land Use Management (PELUM) Association, organised a Zambia focused information-based advocacy, networking and capacity building workshop on the New Partnership for Africa's Development (NEPAD) on June 8-9, 2005 in Lusaka, Zambia. It was the first of a series of two workshops under a six-month Project designed to inject momentum in Zambia's participation in the NEPAD process.

This workshop aimed to facilitate an alliance of stakeholders who would work cohesively on the participatory dimensions of the NEPAD as well as carry forward the national action points envisaged during the National Sensitisation Workshop that was held in Livingstone on September 10-11, 2004.

In his introductory remarks, His Excellency, Canadian High Commissioner to Zambia John Deyel pointed out two fundamental NEPAD principles, the recognition of their responsibility for the future and the agreement that Africans will hold each other accountable for creating conditions for poverty reduction and economic growth. According to John Deyal, the bold orientations encouraged the G8 to respond to NEPAD through the Africa Action Plan and particularly Canadian Government announcement in May 2005 that Zambia would be one of the African countries, which would receive two thirds of the their overseas development assistance (ODA) by 2010.

The High Commissioner's remarks were echoed by the Minister of Foreign Affairs in a speech read on his behalf by the Permanent Secretary, Ambassador Akapelwa that the Zambia was gratified that civil society could come out in force to supplement its efforts in spearheading the NEPAD initiative. He said government intended to use NEPAD as a platform to achieve rapid economic growth as well as eradication of poverty.

Gladys Mutangdura from United Nations Economic Commission for Africa (UNECA), presenting the progress made in implementing NEPAD in Southern Africa, said although regional governments were fully sensitised on the NEPAD process as well as priority areas, a UNECA study showed that civil society was only partially sensitised while the private sector and general public were not sensitised at all.

These findings were reflected well in the presentation by S K Mwenechanya given on his behalf by Gibson Masumbu of the Zambia Business Forum on the theme "Private Sector Potential under NEPAD", that the private sector were still mired into the years of adverse governance issues such as corruption, infrastructure deficits, and inadequate investment inflows.

The workshop recommended that for strong private sector participation there was need for support to Small Scale Enterprises (SSEs).

(For more information visit; www.cuts-international.org/cutsarc-events/html)

The LDC Civil Society Consultative Forum

Civil Society Organisations (CSOs) from LDCs met in Livingstone, Zambia during June 23-25, 2005 on the sidelines of the LDC Ministerial Conference. The CSOs Forum which was organised by CUTS-ARC, Lusaka, in collaboration with Civil Society for Trade Network Zambia (CSTNZ) and Organisation Development and Community Management Trust (ODCMT), is a part of an ongoing constructive dialogue for promoting, supporting and advancing the interests of LDCs in global trade, development and poverty reduction. The meeting was attended by representatives of CSOs from Zambia, Malawi, Uganda, Nigeria, Tanzania, Mozambique, South Africa, Ireland and Senegal.

Dipak K. A. Patel, Zambia's Trade & Industry Minister and Coordinator of WTO LDC Group addressing the CSO Forum
From L to R: K. Singogo, V. Seshamani, Dipak K. A. Patel and G. K. Lipimile

Addressing the participants, Honourable Dipak K A Patel, MP Minister of Commerce, Trade and Industry, Zambia, said that even if LDCs were technically not ready for negotiations they sought painstakingly an equitable and rules-based international trade regime. However, they have had rounds of negotiations since the Uruguay round, from Marrakech to Cancun. He expressed disappointment over the turn of opportunity that when the developed world listen to their concerns, the Breton Woods institutions push their own liberalisation agenda based on now defunct 'Washington Consensus.'

Civil Society noted that four years since the adoption of the Doha Work Programme, there has been little progress in tackling the developmental concerns of LDCs and other developing countries, which were proclaimed as pivotal to the success of the Doha Development Agenda. Also, the lack of progress on the S&DT and implementation issues manifests the absence of commitment by the major trading partners to promote development within the multilateral trading regime. On the contrary, the powerful industrialised countries of the WTO continued to pressurise for deeper commitments for further liberalisation in crucial sectors such as agriculture, services, and binding industrial tariffs. Also, the rich countries try to tighten rules that give access to non-reciprocal regional trade agreements (RTAs).

In a paper presented to the LDC Ministers, CSOs stated that free market principles tied to development have been fundamentally flawed for the majority of LDCs. The CSOs demanded that the Sixth WTO Ministerial meeting should adopt pro-poor trade policies that are guided by global commitment to sustainable development and poverty eradication.

In the final declaration to LDC Ministers, CSOs warned developed countries to desist from using financial support in the form of technical assistance, development aid and financing, including debt relief, as a tool to influence the negotiation and trade policy positions of LDCs.

(For more information visit; www.cuts.org/cutsarc-events/html)

Seminars/Workshops

Seminar on Trade, Development and Poverty Reduction

CUTS-ARC, Lusaka in conjunction with Organisation Development and Community Trust (ODCMT) organised a seminar on a programme entitled, 'Linkages between Trade, Development and Poverty Reduction.' This seminar aimed at providing a platform for discussion on the Project, which will undertake intensive research to facilitate cross-fertilisation of experiences and lessons learnt in developing countries and develop appropriate policy responses. It also aimed at sharing views on development-oriented trade policies based on interests, priorities and aspirations of the poor and marginalised sections of society with a view to integrating them into the global economy.

Workshop on the Launch of the Investment Policy Review of Zambia

The United Nations Conference on Trade and Development (UNCTAD) in cooperation with the Ministry of Commerce, Trade and Industry and in collaboration with CUTS-ARC will be holding an official Launch Workshop of the Investment Policy Review of Zambia on August 17, 2005. The workshop is designed to make a comparative review of how Zambian Government can sustain and increase Foreign Direct Investment (FDI). The UNCTAD's multifaceted approach involving the private sector, civil society and the Government draws on lessons learned in other progressive countries.

PUBLICATIONS

PRSP and HIPC Completion Point: *What should be Known*

The Highly Indebted Poor Countries (HIPC) Project was launched to create a framework for debt relief to the world's poorest and highly indebted countries with the objective of enhancing economic growth and reducing poverty. It has been fraught with the challenge of curtailing social spending at the time of tight fiscal squeeze; and focus on poverty reduction programmes without increasing external debt. Against this background, this well researched policy brief argues that the current debate on debt sustainability *vis-à-vis* poverty reduction should be seen in a much broader context than what is currently the case so that the needs and requirements of poor countries are better addressed. This policy brief also attempts to bring the debt burden of poor countries within manageable limits.

EU ACP Economic Partnership Agreement Negotiations: *Cotonou Undermined*

This policy brief puts up a rigorous approach to Economic Partnership Agreement (EPA) currently being pushed by the European Union (EU) and being negotiated by the African, Caribbean and Pacific Countries (ACP). It argues that EPA negotiations have so far paid limited attention to the values and objectives of Cotonou Agreement and threaten to undermine its vision. It recommends that if the EU has to continue with EPA negotiations it needs to be more open to the demands of ACP countries while keeping close attention to the lofty values of the Cotonou Agreement.

Sources

AN: Afro News, APA: Angola Press Agency, BBC: British Broadcasting Corporation, BR: Business Report, BW: Bridges Weekly, FT: Financial Times, IHT: International Herald Tribune, R: Reuters, ST: Sunday Times, TEA: The East African; TNV: The New Vision TNYT: The New York Times, ToZ: Times of Zambia, TP: The Post, TS: The Standard, UNIRIN: UN Integrated Regional Information Networks, UNW: United Nations Wire, ZDM: Zambia Daily Mail

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