

Tradequity

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Suspension of Doha Round and its Implications for Developing Countries

Introduction

The purpose of the World Trade Organisation (WTO) is to liberalise world trade by reducing barriers to trade, so that the world as a whole benefits from liberalised trade. More goods and services would be produced, competition levels would rise, consumers would get benefit of lower prices, and resources would be used in raising global gross domestic product.

However, WTO recognises the need for developing countries to protect certain sectors of their economy from sudden liberalisation, because of the time they take to build productive capacity or because of livelihood security. WTO negotiations between the developed and developing countries are characterised by "less than full reciprocity", and Doha Round was supposed to focus on the needs of developing countries, therefore, being called a Development Round.

A Bumpy Round

Doha Development Agenda (DDA) negotiations started in Qatar in 2001 and a final agreement was to be reached by 2005. But the Doha talks have time and again failed to reach an agreement on thorny issues. The suspension of talks was due to disagreements among six key players namely G-6: the European Union (EU), US, Japan, Australia, Brazil and India on farm tariffs cuts and phasing out of domestic support.

The blame game has been going on since the Hong Kong Ministerial in 2005. EU is pointing fingers at US for not deepening their domestic support cuts while US counteracts promises by EU and India on market access. While US was urging EU to cut 66 percent on farm tariffs, EU so far has suggested a 51 percent cut. US refuses to cut farm subsidies more than the suggested 53 percent while EU wants US to cut more. US has been complaining about the Special Safeguard Mechanisms (SSMs) and Special Products (SPs) lists as the potential loopholes, which developing countries criticise on the grounds of subsistence and livelihood.

While big players are failing to strike a compromise, many developing and least developing countries (LDCs) are 'standing on the side-lines' trying to figure out likely implications for them. Indeed, developing countries will lose bargaining power if they have to go back to negotiating bilaterally instead of in the WTO system in which they have a chance to act collectively.

Implications for Developing World

There are divergent views on the impact of the suspension of trade talks on developing countries. While most developing countries wish to see negotiations continue because of development component of the Doha Round, others claim that the WTO negotiations are restricting possibilities of developing countries to pursue proactive trade policies. Also, rules related to intellectual property rights (IPRs) are damaging developing countries' development efforts. Albeit it is difficult to say precisely what impact the breakdown will have on developing countries, some general implications are addressed here.

The Agricultural Sector

Disagreement on opening up of the agricultural sector was what stalled the multilateral trade talks. Because, for developing countries, agricultural sector is often cited as crucial for development. The actual loss for them is going to be significant considering the market distorting agricultural subsidy regime in EU and US.

People dependent on agriculture make up a majority of the population in most developing countries. This is one of the reasons why many developing countries have been eager to push agricultural issues on top of the Doha agenda, urging developed countries to cut subsidies and provide better market access for their products. In addition, developing countries ask for measures to protect their agricultural sector because of livelihood and food security concerns.

Dangers of Agricultural Agreement

There are several reasons why agricultural liberalisation will not be of immediate benefit to many developing countries. The erosion of preferential access to developed markets will result in the loss of market shares to more efficient and competitive producers. If the EU and the US cut their farm subsidies, it will most likely result in higher world prices on agricultural products hurting the economies of net importers, while offering opportunities for net exporters. Lowering applied agricultural tariffs of developing countries can potentially result in the loss of domestic market shares to more efficient foreign producers. This can be harmful for an economy where majority of the working population is occupied in low-productivity agricultural sector.

Conclusions

The breakdown of Doha talks offers a chance for developing countries to push forward the promised development agenda. They can use the suspension constructively to assess the situation and potential impacts of future agreement. They should work on to: reassess their stance on critical issues in the negotiation process; strengthen their market access priorities; define areas for coverage in relation to technical assistance and Aid for Trade (AFT); and defend their rights to enhance underdeveloped industries.

IN THIS ISSUE

Stop Paying for Poverty	2
Barriers in EPA Negotiations	3
The Proposed SACU-India PTA	4
Aid to LDCs Declining	5
Toxic Dumping: A Crime	6



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Stop Paying for Poverty

The International Monetary Fund (IMF) and the World Bank (WB) are two of the largest funding bodies in the world. Presently, they are causing damage to poor countries, according to Christian Aid, a UK based charity. The UK Government is a major funder of these institutions.

The IMF and WB were set up after the Second World

War. In theory, they help poor countries instead of harming them. However, there is a catch. They impose conditions on the



loans, aid and debt relief they give to poor countries. They exert power over the lives of poor people and their governments. Christian Aid is calling for the UK Government to cut funding to the IMF

and WB, until they reform.

(www.christianaid.org, 04.09.06)

ICT to Enhance Competitiveness

Telecommunications sector in the East African region comprising Tanzania, Kenya and Uganda has taken a 180 degrees turn due to the 'go slow' scenario in the rapid and dynamic sector. In response to this, 23 governments and financial institutions from the region have joined an effort in initiating Eastern African Submarine Cable System, popularly known as the EASSy project.

The project aims to increase accessibility to information and communication technologies by significantly reducing the current prohibitive costs of telephony and internet connectivity. Consequently, this will boost regional competitiveness and enable Africa to participate more actively in the global economy.

The cost of the project is US\$240mn. It is scheduled to be launched in August 2006, and to be completed in 2008. However, the project is already experiencing financing problems with the promoters seeking to finance it in a bid to make big profits from non-members' telecommunication operators.

(*Nation*, 07.07.06)

CfA Revisited

A report by the Commission for Africa (CfA) says that the countries (G-8) should provide US\$25bn every year to help Africa tackle poverty.

What Britain and its developed partners are addressing is not what the local people want, says ActionAid, UK. Africans appreciated the efforts of Britain's

Prime Minister Tony Blair in building the bridges of hope for Africa, but were depressed about the approach which he took by forming teams abroad.

About 50 percent of the commissioners were non-Africans mandating it to draw a blue print towards the ending of poverty in Africa.

(*TEA*, 03-09.07.06)

Boosting Food Processing

The WB has classified most countries in sub-Saharan Africa (SSA) as least developed countries (LDCs) and their terms of trade have continued to worsen as global business becomes more competitive. Most of them that relied on export of a few primary commodities like coffee, tea, cocoa and tobacco have witnessed higher incidence of poverty.

The commodities have, over the years, experienced price fluctuations while value-added products have attracted higher tariffs in the markets of the developed economies. But the Japanese-funded programme worth US\$10.14bn (Kshs 720bn) launched in September 2006, would boost production, processing, agribusiness, forestry and fishing. The initiative is part of the 'Aid for Trade' (Aft) package that was debated during the WTO Ministerial meeting, held in Hong Kong, in December 2005.

(*TEA*, 05.09.06)

Canada Fund for Africa

Africa is at the centre of Canada's cooperation agenda. Through the US\$500mn Canada Fund for Africa,

Canada has taken a leadership role in responding to the first made-in-Africa vision for development, the New Partnership for Africa's Development (NEPAD), and the corresponding priorities of the G-8 Africa Action Plan.

Canada was the first G-8 country to establish a fund specifically designed for these purposes. The Canada Fund for Africa initiatives cover large-scale programmes which are regional in scope, complementing the ongoing Canadian International Development Agency (CIDA) programming in Africa.

(www.acdi-cida.gc.ca/canadafundforafrica,

10.08.06)

Obsolete PEAP

The most important multilateral donor in Uganda, the EU, has been critical of the Government's failure to make reforms on the current economic policies. It has been warned of a widening gap between the poor and the rich and more so, its failure to end the 19-year war in the North, its fight against corruption and the ever increasing costs of public administration.

Sigurd Illing, head of the EU delegation to Uganda, said "the current Poverty Eradication Action Plans (PEAP), was not working efficiently and needs to be reviewed". He also suggested that the Government should make efforts to work with the EU in order to review the country's poverty eradication strategy. However, the Ugandan Government said that it still has confidence in PEAP.

(*TEA*, 17-23.07.06)

Enhancing Productive Capacity

In principle, aid could be given directly to the poor segment of a population raising their incomes. However, this scenario is not sustainable in the long run. There are many reasons why aid should be directed towards enhancing productive capacity.

The 2006 report of the United Nations Conference on Trade and Development (UNCTAD) focuses on creating productive capacity on the economic situation and potential of LDCs. The report identifies the main intervention areas to be the development and enhancement of productive capacities and discusses the meaning of the term.

(*UNCTAD, the LDCs Report, 2006*)

SADC on Track

If the Southern African Development Community (SADC) is to reach its goal of establishing a regional Free Trade Area (FTA) by 2008, economic integration must get back on track. Leaders of the 14 SADC nations met in August 2006, to discuss the process of integration, reduction of trade barriers and the adoption of a finance and investment accord. SADC's plan is to establish an FTA in 2008 (with 85 percent tariff reductions on all goods) and a customs union (CU) by 2010, common market by 2015, and a monetary union in 2016.

Although some countries have expressed concern about government revenue loss from liberalisation, it is widely accepted that it is not a reliable source of revenue. *(Tralac, 15-22.08.06)*

Tariffs Hurting Trade

Maxwell Sichula, executive secretary, Zambia Chamber of Small and Medium Business Association (ZACSMBA) urged Common Market for Eastern and Southern Africa (COMESA) and SADC to adhere to stipulated rules in tariffs and quota applications in order to promote fair trade among themselves.

He said that illegal tariffs and quotas are defeating the objectives of promoting free and fair trade in the two regional bodies. A country like Zambia which has fully opened its borders, is being cheated when other countries uphold tariffs and quotas which are not agreed upon. Further, most traders are not informed about the regulations regarding tariffs and quotas. *(ToZ, 31.08.06)*

2nd Scramble for Africa

African leaders seem to be only aware of poverty and other problems rather than the immense wealth in the continent. The civil society organisations (CSOs), from Africa met in Nairobi, in 2006, to build a consensus around emerging issues in the CSO-African Union (AU) engagement under the theme, 'Harmonisation and Rationalisation of Regional Economic Communities and Government of the Union'.

The summit said that the African leaders could not protect the continent from modern day 'scramble for Africa' without evaluating motivation behind the latest moves by the international community. The meeting called upon the

African leaders to debate on the exploitation of the continent's natural resources and analyse the motives of those involved in the scramble. *(TEA, 17.07.06)*

NEPAD in a Crisis of Confidence

Senegalese President Abdoulaye Wade's recent discouraging remarks about the initiatives and achievements of NEPAD signal its bleak future. The President wondered where the worthiness

of the NEPAD had disappeared and why it is not providing the framework for addressing Africa's dismal economy. He felt that the promised changes were merely cosmetic, and as a result, NEPAD is suffering a crisis of confidence.

It is alleged that NEPAD was the idea of the US and, therefore, treads on the patronage of Washington.

The current scenario is a timely reminder of the need to nurture home-grown expertise to facilitate Africa's economic renaissance and further demystify its role by sensitising people on its objectives. *(Nation, 23.07.06)*

Barriers in EPA Negotiations

The EU has had a special trade and aid relationship with the (now 77 strong) African, Caribbean and Pacific (ACP) countries since 1975. This has been affected through a set of Lome Conventions and, since 2000, the Cotonou Partnership Agreement (CPA).



Until now, the trade preferences have been 'reciprocal' i.e., in return for favourable access to the EU market, the ACP are obliged to do more than treat imports from Europe no less favourably than from other extra regional suppliers. This will change from 2008, if the ACP agree to join Economic Partnership Agreements (EPAs) which will be 'reciprocal': all parties will liberalise trade with their partners. Another major change is that the ACP group will be split between the six EPAs.

Both changes are controversial – as are other items on the EU's agenda, which also covers services, competition policy, government procurement and investment. Some ACP countries accept some of these items while others do not. The final scope of the EPAs is yet not clear.

(www.odi.org.uk/Publications/briefing/bp_june06-epa1.pdf)

Intra-trade Rising

Intra-trade among the COMESA member States has risen to a high of US\$7.5bn annually. A meeting of a COMESA Ministerial task force in Nairobi further observed that the region's FTA had grown by 103 percent between 2000-2005.

The meeting identified key implementation issues that COMESA member States need to embark on ahead of the CU launch scheduled in 2008. These included agreement on a common list of sensitive products, harmonising exemption and preparing a national schedule for adjustment of tariffs in line with the agreed bands under the Common External Tariffs (CET).

(TRALAC, 12.09.06)

Hurdles in the Way of EAC-CU

The implementation of East African Community-CU (EAC-CU) has not been effective since it was formed in 2005. The ineffectiveness is due to the lack of understanding of its concept by the businessmen in the region. A committee of ministers going around the region to assess the progress said that it had continuously received complaints from the stakeholders that they were unable to understand the concept of EAC-CU which has reduced the speed of implementation.

They said that this could be solved by increasing awareness among the member States on operation of the union, to enable it to function more effectively. They further said that the bottlenecks from the stakeholders have to be documented first, before the findings are tabled in the East African Legislative Assembly for debate and remedial action. *(Nation, 19.07.06)*

Regional Round-up

EAC Harmonises 600 Standards

Patrick Ssekitooleko, the head of the standards division at the Uganda National Bureau of Standards (UNBS) said in an interview, that the EAC has harmonised over 600 standards.

He said, "the standards would ease trade between the East African region and ease market access by removing the non-tariff barriers (NTBs) that will come into play when the tax regimes become uniform".

582 out of the 600 standards have been edited and are ready for use by the general public and can be accessed from UNBS or their counterpart national bureaux in Kenya and Tanzania.

(<http://allafrica.com>, 27.07.06)

Diamond Seeking Influence

Diamond producing African countries will form an association to protect African diamond prices and production and help stem the illegal trading of conflict diamonds. The Association of African Diamond Producing Countries comprising 12 members with seven other African countries participating as observers would be launched in Angola, Luanda, on November 04, 2006.

Angola is the world's fifth biggest diamond producer by value and the third largest on the continent after Botswana and South Africa. It is trying to promote the diamond industry, which generated more than US\$1bn of sales and US\$150mn of tax revenues in 2005, as an alternative to its overwhelming reliance on oil.

Africa needs its own platform to discuss pricing and making policy on diamond issues. It would have to look at laws in other countries and try to make Angolan laws more attractive in order to introduce a diamond auction.

(*FT*, 11.07.06 & *BL*, 21.09.06)

COMESA Challenged on CU

Trade and Industry Minister Dr Mukhisa Kituyi has asked the COMESA Ministerial taskforce to hasten implementation of the regional CU to achieve the free trading within member-countries.

Dr Kituyi said that delayed implementation of the CU had limited the benefits of cross-border trade and investment in the region.

He said, "Kenya trades more with COMESA countries than other markets and that COMESA countries are addressing the trading constraints that have impeded progress within its members". He further said COMESA countries would implement a number of measures so as to ensure that the CU is launched in 2008.

(www.bilaterals.org, 08.09.06)

AU Launches People's Court

The AU launched the continent's first court on July 03, 2006 that gives states and people equal rights to challenge governments suspected of human rights violations or other infractions.

The African Court on Human and People's Rights, established on paper in 1998, would be based in the Tanzanian

capital Arusha. It could apply and rule on any international treaty or law ratified by the state in question, including treaties that do not themselves refer violators to a court.

Julia Joiner, AU Commissioner for Political Affairs said, "This court will strengthen jurisprudence and contribute to the promotion and protection of human rights in the continent".

(<http://www.irinnews.org>, 03.07.06)

NEPAD Executive Accountable

The heads of the state and governments of the AU have decided that the executive director of the NEPAD would be accountable not only to the NEPAD Implementation Committee, but also to the chairperson of the AU Commission, who would coordinate and harmonise all continental programmes.

The African leaders also concluded that there is no need to transfer the NEPAD headquarters from South Africa to the AU headquarters in Addis Ababa. Some African politicians had argued that NEPAD was only serving South African interests, rather than those of the continent as a whole.

The NEPAD programmes should also take into account the aspects of transcontinental development, and help raise funds and harmonise and coordinate continental development programmes. The reforms of NEPAD will be analysed during a meeting in Abuja, in early 2007.

(<http://www.misa.org>, 03.07.06)

Support to Regional Economy

The ESA Trade and Development Bank (PTA Bank), a COMESA Institution, has reaffirmed its commitment to continue playing a key role in building strong regional economies by providing financial support to investors.

Dr Michael Gondwe, Bank President revealed that PTA Bank has since committed over US\$50mn for the promotion of regional businesses. The Bank will not only bring foreign exchange into the country through the export proceeds but will also help integrate the regional economies.

The Bank supports trade and development within the COMESA region. Recently, the African Development Bank (ADB) gave COMESA a grant of US\$8.4mn for the Public Procurement Reform project. (*COMESA*, 18.08.06)

The Proposed SACU-India PTA

Indian Prime Minister, Manmohan Singh stated that the Indian Cabinet had approved negotiations for a Preferential Trade Area (PTA) with the Southern African Customs Union (SACU). This comes after months of speculation that SACU and India were planning to begin negotiations on an FTA. It appears that this agreement will deal primarily in trade in goods.

In order to examine the importance of this development, it is useful to examine the trading relationship between SACU and India. South Africa is by far the biggest market in SACU – generating about 95 percent of the CU's GDP. It will, therefore, be South Africa that India will be most interested in enhancing economic ties with. It is for this reason that South Africa's trading relationship with India will be examined at this point.

(www.tralac.org, 10.10.06)



Zambia yet to benefit from AGOA

According to an American trade expert, Zambia is yet to reap benefits from the African Growth Opportunity Act (AGOA), as there are few Zambian products that could compete with other products on the American market.

Zambian exports have been at a disadvantage on the US market because of factors like quantity and quality, cost of transportation, pricing and the category of the products. Factors such as stringent and elaborate Sanitary and Phyto-sanitary (SPS) requirements are also hindering Zambian exports to penetrate the American market.

There is a need for the private sector in Zambia to work hard to enable the country benefit from the AGOA initiative, if the country has to secure benefits in future. *(AGOA, 22.08.06)*

The Biggest Failure

Anti-poverty lobbyists and relief agencies said that some progress has been made on debt relief, health and education to Africa but the dead-locked WTO Doha Round has been the most significant disappointment. The G-8 rich country leaders, in the year 2005, promised to increase aid to Africa by US\$25bn annually by 2010. The year 2006 will be the first opportunity to measure progress towards this commitment.

If the G-8 fails to meet its commitment, it will have to cut their broader plan to tackle the health and economic crisis that threaten the stability of the African continent. *(TEA, 16.07.06)*

Tanzania Reconsiders COMESA

A study was commissioned by the Tanzania Chamber of Commerce, Industry and Agriculture, the Confederation of the Tanzanian Industries and the East African Business Council to examine the effects of the Tanzania's withdrawal from the COMESA.

The study reveals that agro-processing companies have been more competitive because of the locally available raw materials unlike the rubber and plastic industry which source their raw materials from abroad and so are less competitive. It advises the government to address the problems facing the industry such as taxes, electricity costs, and transport and trade policy by coming together with other stakeholders in the private sector and thrash out the COMESA membership issue once and for all.

Three main reasons have been advanced: an unfavourable trade balance,

Aid to LDCs Declining

The G-8 group of rich countries met in Gleneagles, Scotland and pledged to make African debt relief, accelerated aid, and increased trade their top priorities. Poverty is an affliction of the LDCs, but the solutions to it lie in altering the policies of developed countries.

The hard facts about hunger and poverty have not changed much over the past 10 years.

In some cases, the situation has even got worse. According to UN statistics, only South America and the Caribbean are approaching the Millennium Development Goals (MDGs), which range from halving extreme poverty to halting the spread of HIV/AIDS and providing universal primary education, by 2015.

Lovald, chairman of the Preparatory Meeting of Experts on LDCs said, "There is no doubt the LDCs need more and better aid. However, if we exclude debt relief, emergency aid and food aid from the statistics, the disbursement to the LDCs actually declined".

(http://www.ipsterraviva.net, 20.09.06)

duplication of services and costly membership fees. *(TEA, 24-30.07.06)*

Kenyan Exporters Rewarded

Kenyan exporters can now move their consignments without having to suffer additional checks at ports of entry into the EU. The European Commission (EC) in Nairobi, released a statement that the EU legislation had recognised Kenya Plant Health Inspectorate Service (Kephis) inspections for horticulture exports which had come into force.

Eric van der Linde, Head of EC Delegation, in Nairobi, said "EU approval is clear recognition of the good work carried out through public and private collaboration in the horticulture sector towards complying with sanitary and phyto-sanitary (SPS) measures". The current high level of compliance has put Kenya way ahead of many of its competitors in the EU market. *(TEA, 28.09.06)*

IMF, WB on Trade Talks

Finance ministers and heads of the WB and IMF met in Singapore, in September 2006, to encourage countries to move forward on the Doha Round negotiations which have been put on hold since July 2006 because stakeholders failed to reach an agreement.

Rodrigo de Rato, head of IMF expressed fear that global economic growth could decline partly because countries, after the collapse of the global trade talks, would be inclined to undertake extensive protective measures. The joint committee of the WB and IMF said that the suspension of trade talks was a setback for achieving the MDGs. Therefore, the WB and IMF should



continue their role in fostering trade and development and formulation of national strategies/plans. *(BW, 20.09.06)*

Impact of EPAs

An impact assessment report carried out by the United Nations Economic Commission for Africa (UNECA) concludes that the EPA negotiations between EU and the ACP countries would have a negative effect on Ethiopia and potentially the entire regional integration process in both COMESA and SADC.

In the Ethiopian case, the current EPA negotiations will bring about a significant trade diversion to the EU from other African countries, and only contribute to a limited gain in consumer welfare for the Ethiopian population compared to the loss in fiscal revenues from taxing trade. EPAs could undermine the diversification strategy of the COMESA. The SADC has complained about the conflicting components of EPAs with its objectives. *(Agritrade, September 2006)*

Quota on Chinese Textiles

The Government of South Africa has decided to cut Chinese textiles and clothing (T&C) import by one-third, by imposing quotas. This has led to some controversy between the Government and trade unions and the retailers.

The Government and unions hope that the protective measures would create new job opportunities for South Africans, while retailers warn that prices may rise and domestic capacity would not be able to meet the demand. The Government has decided to implement the decision on January 01, 2007, by giving importers and industry enough time to adjust. *(BW, 20.09.06)*

DDT vs Malaria Supported

www.stockphoto.com



The World Health Organisation (WHO) forcefully

endorsed wider use of the insecticide DDT across Africa to exterminate and repel the mosquitoes that cause malaria. The disease kills more than a million people a year, 8,00,000 of them young children in Africa.

Dr Arata Kochi, who leads the group's global malaria programme, declared that DDT was the most effective insecticide against malaria and that it posed no health risk when sprayed in small amounts on the inner walls of people's homes. He said that expanding its use is essential to reviving the flagging international campaign to control the disease.

(NY Times, 16.09.06)

Africa Getting Hotter

Various scientists and activists have been concerned with the effects of global warming on the African continent. The result will be rising temperatures, rising oceans, hurricanes, tornadoes and other devastating natural disasters.

Experts opine that global warming is not only hampering African efforts to deal with endemic poverty and underdevelopment, but also threatening to undermine them completely, throwing Africa into a morass of misery. Global warming has adverse effects on crops, river waters and the weather conditions around the world causing more droughts on the African continent threatening food

security. The climate on the African continent is becoming unpredictable.

(www.nationalgeographic.com & www.bbc.com)

To Protect Ecosystem

South Africa, Namibia and Angola are collaborating on the Benguela Current Large Marine Ecosystem (BCLME) programme. This programme is aimed at developing and strengthening an ecosystems approach to fisheries management in the respective countries. Through the BCLME programme, the three countries of the Benguela have agreed to jointly address trans-boundary environmental problems and issues.

The Benguela Current is a narrow, ribbon-like system that extends from Angola's Cabinda Province in the north, to just east of Port Elizabeth in South Africa. It is one of the four major coastal upwelling ecosystems of the world.

(Tralac, 28.09.06 & http://www.nationalmarineweek.org.za)

Lack of Competition in Sugar

"The sugar policy of Zambia is contributing to closing of the market for competition from outside the country because of the required vitamin A fortification. The fortification process is causing high prices of sugar in Zambia. This results not only in the consumers loosing out due to the high price level but also the Government loosing revenue as a lot of sugar is being smuggled to Zambia from Malawi", said Muyunda Ililonga, executive secretary, Zambia Consumer Association (ZACA). Zambia Sugar Company – a subsidiary of Illovo

has about 90 percent market share and is one of the dominant players in the market.

In a related development, Zambia Sugar has decided to venture into alternative energy production by deciding to produce ethanol from sugarcanes, claiming to be ready to produce what could be 15 percent of the annual petrol consumption. The Ministry of Energy and Water Development said that it will create new employment opportunities and lower the prices of fuel in order to benefit the consumers.

(The Post, 04.07.06)

Cost Effective Cotton

Kasisi Agricultural Training Centre (KATC) in Zambia, has been growing organic cotton, helping small-scale farmers to grow the same and sourcing markets for the produce. Cotton grown through conventional methods uses more pesticides than any other crop, and these pesticides not only cause serious health problems for the farm workers but also upsets the natural balance in the environment.

Farmers growing cotton organically are able to make more profit than those who grow it conventionally not only because buyers pay a premium for organic cotton but also because the organic farmer does not have to buy expensive inputs like pesticides or genetically engineered seeds.

(www.africafiles.org, 28.09.06)

New Arabs of Bio-fuel?

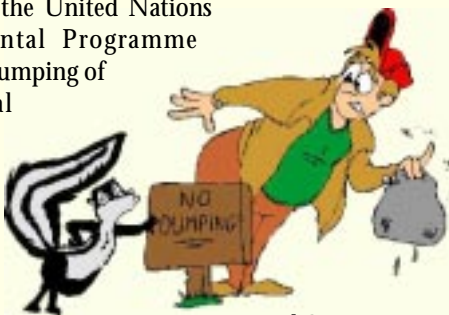
The production of alternative energy is high on the agenda since fossil fuels are not sustainable. Brazil has replaced about 40 percent of its gasoline production with bio-ethanol. The simple principle behind bio-fuel is to turn food to fuel. Food crops such as maize, sugar, beetroot and wheat can be distilled into fuel.

Johan Hoffman, chief executive, South African Ethanol Africa (a private company consisting of farmers and agronomists) said "Africans could become the new Arabs of bio-fuel because of the potential to use vast areas for production and the growing energy demand from economies such as India and China". Bio-ethanol production has the potential to create many farm and factory jobs lifting poor people out of poverty.

(www.africafiles.org, 15.09.06)

Toxic Dumping: A Crime

According to the United Nations Environmental Programme (UNEP), "The dumping of toxic chemical waste in Côte d'Ivoire that has already killed eight people and led nearly 78,000 others to seek medical care is clearly a crime although who was responsible and the actual nature of the crime has yet to be determined".



www.co.gov.sh/hobur.wa.us

Following a formal request from the Ivorian Government, UNEP is conducting an investigation through the Secretariat of the Basel Convention on the Transboundary Movement of Hazardous Wastes and their Disposal, which it administers.

(UN News Service, 29.09.06)

Consultative Workshop on EPA Negotiations

CUTS Africa Resource Centre (CUTS ARC), Lusaka, in conjunction with Civil Society Trade Network of Zambia (CSTNZ) hosted a national workshop on the EPA negotiations in Kitwe, Zambia, on September 11, 2006. The objectives of the workshop were to:

- inform and consult stakeholders on the threats and opportunities of the EPAs and raise recommendations to the government and trade negotiators;
- build the capacity of organisations in the Copperbelt to effectively engage and participate in the EPA negotiations process;
- contribute to the realisation of a development-friendly EPA with the EU; and
- develop a national advocacy document.

Participants debated on key issues of concern and came up with several recommendations. Some of them were:

- the negotiation team should be strengthened with the inclusion of more competent members including different stakeholders and take inputs from the civil society;
- the list of sensitive products should be drawn by considering sectors across the country;
- stakeholders should provide government with information and recommendations on how to best go about developing certain sectors, for eg. the dairy sector;
- lobby and advocacy should be a continuous process as this can have a larger impact on outcomes;
- the Government of Zambia should provide subsidies and other incentives to local indigenous investors to enhance competitiveness, value-addition and production capacity; and
- an assessment should be carried out on what Zambia has attained out of its various memberships in different organisations: COMESA, SADC and WTO.

Dialogue on Linkages between Trade, Development and Poverty Reduction

CUTS ARC, Lusaka, in conjunction with Organisation Development and Community Management Trust (ODCMT) hosted a national consultative dialogue on the Linkages between Trade, Development and Poverty Reduction (TDP) in Lusaka, Zambia, on September 19, 2006.

The objectives of the dialogue were to:

- facilitate cross-fertilisation of experiences and lessons learnt on linkages between trade, development and poverty reduction in the developing countries;
- strengthen the ability of developing countries through the provision of policy support and other know-how and do-how on trade and development issues;
- facilitate synergy between governments and civil society organisations (CSOs) to strengthen collective perspectives and positions; and
- advocate development-oriented trade policies, based on learning from research and other activities, by taking into account the interests and priorities (needs and aspirations) of the poor and marginalised sections of the society and look into the aspects of policy coherence.

One of the recommendations that emerged from the dialogue was that trade liberalisation was rushed in the Zambian case. Closing down of many local industries has been due to opening of the market to imports and stiff domestic competition. Since liberalisation, the Zambian economy has been experiencing increasing hardship. More firms have closed as compared to the new ones that have been established, unemployment has increased and so has the gap between the rich and the poor. In general, poverty has increased. There is need for a more cautious approach when signing international trade protocols. Further, it was voiced that Zambia must reassess gains from trade arrangements already signed. The Government must provide better direction and support to the business community to hasten the adjustment process. In order for trade liberalisation to benefit the poor, there is a great need to establish coherence between liberalisation initiatives and national development policies/plans/strategies.

Trade and Market Linkages Strategy for Small Scale Producers in Eastern Province

A two-day training workshop was organised by CUTS ARC, Lusaka, in partnership with the Danish Association for International Cooperation (MS-Zambia) at Chipata, Zambia, on August 10-11, 2006.

The objectives were to enable farmers to better exploit domestic and international markets through increased knowledge and networks; to build an alliance of organisations to lobby and advocate for policies favourable to regional producers; to empower farmers to advocate for favourable trade arrangements and to establish practical market linkages at regional, national and international levels.

The workshop was organised in three sessions, which involved presentations,

group discussions, and plenary sessions. Papers were presented by Farmer Support Organisation (FOSUP), Export Board of



Zambian Farmers at Chipata workshop

Zambia (EBZ) and by Vladimir Chilinya of CUTS ARC. Discussion themes included opportunities and challenges for small scale farmers in regional and

international agriculture markets and agro-processing; establishing effective institutional linkages in agriculture trade; and creating networks to ensure farmers have access to information finance and markets etc.

The workshop identified several problems for producers, such as lack of institutional structures and failure to plan for markets before production. Participants produced several recommendations relating to the problems, including that District Farmers Associations (DFAs) have a strong role in community sensitisation on developments in the agricultural trade sector; capacity-building initiatives continue in the province and strategic partners help link DFAs financing institutions.

Regional Dialogue on 'EPA Negotiations and Economic Development'

CUTS ARC will be hosting a regional workshop on the 'EPA Negotiations and Economic Development in Southern and Eastern Africa', in Lusaka, Zambia, during October 19-21, 2006.

The objectives of the regional workshop will be to:

- discuss and identify the development component of the EPAs;
- address the issue of coherence with national and regional development plans/strategies;
- assess the framework, content and process issues for reviewing EPA negotiations; and
- provide stakeholder inputs into the existing ESA and SADC-EPA negotiation framework.

Participants will include a wide range of stakeholders from civil society, policy makers and private sector from 15 countries in the Southern and Eastern region.

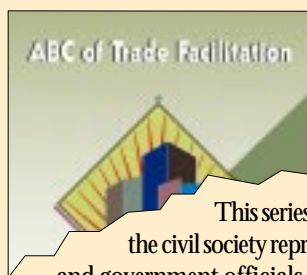
PUBLICATIONS

Toolkit on Linkages between Trade, Development & Poverty Reduction (TDP)

CUTS ARC, Lusaka, in association with ODCMT is preparing a campaign toolkit on Linkages between Trade, Development and Poverty Reduction. This would serve as an advocacy document exploring and identifying the possible linkages between trade, development and poverty reduction by compiling well researched work on Zambia. The publication will explain and share Zambia's experiences in dealing with trade and poverty reduction, to discuss the potential of trade to reduce poverty in Zambia and explore as to what extent do the linkages already exist, and are bearing fruit and how can the linkages be strengthened.

The toolkit will be used by CUTS ARC and ODCMT and partner organisations in Zambia to convey advocacy messages across on the impact of economic liberalisation on Zambia's economy and poverty reduction in general, with a specific focus on the agro-processing and textile industry.

ABC of Trade Facilitation



'ABC of Trade Facilitation' is the 10th monograph in the series entitled, 'Globalisation and India - Myths & Realities' launched by CUTS way back in September 2001.

This series aims to create awareness among the civil society representatives, business community and government officials (especially at the sub-national level) on economic issues, in general, and the WTO issues, in particular.

Trade Facilitation (TF) was first included in the WTO Ministerial in Singapore in 1995 for being negotiated and has gained high attention in recent times. Negotiations on TF was incorporated as the major modality under July 2006 Package of the Doha Round. However, even after a series of discussions under different initiatives and Ministerials, the North and the South are yet to reach a consensus on the various TF issues.

This monograph attempts to educate the reader and build a fundamental foundation for understanding the basic issues concerning TF under GATT.

The same can be viewed at: <http://www.cuts-citee.org/PDF/abc-TF.pdf>

Suspension of Doha Round Talks:

The Cost Implications for India

(No 4/2006)



Doha Round of trade negotiations had raised much expectations in the developing countries when it was launched in November 2001. By all indicators, the Doha Round is the most ambitious in the

history of the multilateral trading system under the aegis of the General Agreement on Tariffs and Trade (GATT)/WTO, but an indefinite suspension of Doha Round of talks after five years of intensive negotiations is a big setback to a majority of WTO members.

It may not adversely affect those countries that are a part of a well functioning preferential trading arrangements (PTAs) but a great loss to majority of WTO members, especially developing countries.

This briefing paper addresses the prevailing imbalances in the world trading system, including economic loss due to suspension, impacts on geopolitics, setback to economic reforms and the cost of litigious disputes.

The same can be viewed at: <http://www.cuts-citee.org/PDF/CostofFailure.pdf>

Sources

AGOA: African Growth and Opportunity Act; BBC: British Broadcasting Corporation; BL: Business Line; BS: Business Standard; BW: Bridges Weekly; COMESA: The Common Market for Eastern and Southern Africa; FT: Financial Times; NYT: New York Times; TEA: The Eastern African; ToZ: Times of Zambia; TRALAC: Trade Law Centre for Southern Africa; UN News Service; UNCTAD: United Nations Conference on Trade and Development

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