Tradequity

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AGOA Remains Relevant to Drive Export Growth

For the African Growth and Opportunity Act (AGOA) to remain relevant and continue to drive export-oriented growth, there should be a push to promote US private sector investment in Zambia.

AGOA is a key tool which creates tangible incentives for African countries to implement economic and commercial reform policies that contribute to better market opportunities and stronger ties between sub-Saharan Africa (SSA) and the US. The forum will create an opportunity to promote a high level dialogue on trade and investment related issues between real businesses.

Currently, 37 SSA countries meet AGOA's eligibility criteria including Zambia and may take advantage of trade benefits the Act offers. According to the Zambia Association of Chambers of Commerce and Industry (ZACCI) 2010 report on AGOA, Zambian exporters face stringent standardisation measures and certification procedures. The report further highlights that sanitary and phyto-sanitary (SPS) measures are some of the key challenges hindering Zambian exporters in fully accessing the US market.

In addition, stiff competition from Asia and other regions especially in the textile and apparel sectors, Zambia continues to face following the elimination of the Multi-fibre Agreement (MFA) quotas in 2005 and the expiry of safeguard measures for China exports in 2008.

Commenting on the role of the private sector, Trade Policy Researcher Sajeev Nair noted that private sector development was nothing but a process whereby the business sector in Zambia is empowered to grow in a conducive environment in order to be competitive in the local and international markets.

International and regional trade opportunities are vehicles for private sector development despite Zambia not performing well in taking proper advantage of the AGOA in the last 10 years. This is so because the domestic supply side constraints are competitive challenges which have made it difficult for the business community in Zambia to penetrate the US market.

But the Ministry of Commerce, Trade & Industry (MCTI), the Ministry in charge of the AGOA forum, noted that about 7,000 products are eligible under the AGOA preference.

Healey Mweemba, Senior Economist, MCTI observed that Zambia was only exporting a handful of products to the US due to a number of factors.

However, the opportunities are immense under AGOA as the Act extends duty-free quota-free and entry opportunities to the US market, which is one of the biggest markets in the world.

The AGOA provides growth of industries and investment of businesses in Africa especially in the textile and apparel sector. Mweemba says that exposure to international markets would result in improved product quality and transfer of technology.

Besides textiles and apparels, new products such as cut flowers, other horticultural products, automotives and parts and speciality foods among others, exporters stand a chance to benefit from these opportunities in their various sectors.

Mweemba said that despite various difficulties faced by some eligible countries to penetrate the US markets, countries like Lesotho have employed about 10,000 in 1999 compared to 40,000 at the moment from the textile industry.

According to CUTS Lusaka Chairman Love Mtesa, Zambia should move away from traditional exports of primary commodities and diversify into value added products in order to benefit from AGOA. He says that Zambia should take a special interest in its markets by promoting good governance, investing in people and implementing difficult macroeconomic reforms to take advantage of the opportunities arising from AGOA.

Most importantly, there are several actions that Zambia can initiate to increase investment and take better advantages of trade opportunities under AGOA and any other such initiatives.

As Zambia prepares to host the forum, Zambia dialogue teams at the AGOA forum should be adequately supported by the private sector representatives and civil society for them to put the Zambian trade agenda on the table to be discussed and negotiated with US representatives.

To this end, it is expected that Zambian exporters, producers reposition themselves and utilise the opportunities that AGOA offers in line with the theme 'Enhanced Trade through Increased Competitiveness, Value Addition and Deeper Regional Integration'.

IN THIS ISSUE

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African Growth in 2011-12

The World Bank foresees economic growth continuing to be strong in Africa in 2011 and 2012; probably even stronger. Investments in infrastructure are paying off and African raw materials are more in demand than ever on global markets.

According to Global Economic Prospects, the World Bank's biannual report on global economic trends, SSA is enjoying good short-term economic prospects. The report notes that Africa's gross domestic product (GDP) jumped 4.7 percent in 2010, a trend that is expected to hold steady in 2011 and 2012, at 5.3 and 5.7 percent, respectively.

South Africa, however, posted a relatively modest growth rate of 2.7 percent in 2010, while Nigeria with a 7.6 percent increase in its GDP had reaffirmed the upward trend 'and should stay the course in 2011 and 2012'. *(AN, 18.01.11)*

Africans Depend on Each Other

"African countries need to depend on each other to enhance regional integration in trade investments", said Commerce Minister Felix Mutati. He was delighted that the investment initiative by MMI Steel Mills in Lusaka had been accomplished within a year.

He said the government would continue to follow up on investment pledges made in 2010 so that they could be realised. The government would continue to improve the country's infrastructure to attract more investment.

MMI had invested US$25mn with a planned US$55mn five-year plan. The company had a ready market for corrugated profile tiles, plain and coated roofing sheets in the Democratic Republic of Congo, Mozambique and Malawi, and would soon expand to Angola and Botswana. *(TP, 14.01.11)*

Grant for Malawi Power Supply

The Government of Malawi was promised a US$350.7mn grant by a US development agency to improve the country's power supply. An erratic power supply is seen as Malawi's main development bottleneck.

The announcement was made by the Millennium Challenge Corporation (MCC), one of the US government's main development aid agencies. The MCC has a history of making major grant packages – or 'impacts' – with governments of developing countries known for especially good governance, however following a long bureaucratic process.

Malawi has seen several major donors stepping down their efforts during the last decade following aid corruption scandals and poor transparency. *(AN, 07.01.11)*

Doing Business in Africa

Foreign investments in Africa are strongly increasing as the continent displays one of the world's highest growth numbers. African analysts hold that this is a consequence of improved business environments in Africa.

The attractiveness of Africa as an investment destination has been positively impacted by a number of developments in the regulatory environment affecting potential new entrants to markets, infrastructure development and the presence of professional services firms which have experience of the complexities the continent poses.

In addition, 'increases in productivity in the continent, the diversification of African economies as they move away from resources, the size of the African market and urbanisation are creating conditions that could potentially be favourable to investment'. *(AN, 08.02.11)*

Stanchart to Empower MFIs

Standard Chartered Bank (SCB) has pledged to raise US$500mn through its global fund to help micro-finance institutions (MFIs) extend banking services in remote areas of Zambia. Visiting Chief Executive Officer for Europe, Middle East, Africa and Americas Vis Shankar said the bank is currently not in a position to extend banking products and services to all rural areas in Zambia.

SCB Zambia Managing Director Mizinga Melu said the Bank is using alternative channels such as mobile, internet and Automated Teller Machines to reach out to unbanked population in the country. The Bank may not necessarily open branches in rural areas but will use other means to provide products and services to the people. *(ZDM, 18.01.11)*

Lusaka-Mumbwa Rail Soon!

Universal Mining and Chemical Industries Limited (UMCIL) has set aside US$100mn for two feasibility studies to construct a railway line from Lusaka to Mumbwa district and develop an iron ore project in Mumbwa.

UMCIL Director Julius Kaoma said plans to construct the railway line and development of two mines are underway with feasibility studies, geological investigations and explorations expected to start soon. He said the railway line will ease transportation of iron ore and steel from the respective sites to the markets.

The firm has pegged the price of steel between US$600 and US$650 per tonne because it wants to have an impact on the international market and establish itself. *(ZDM, 20.01.11)*

New Infrastructure Network

A new network of infrastructure practitioners in the public and public sectors was launched to address Africa's large and growing infrastructure gap, which is estimated at US$31bn a year. The meeting was held between public and private sector practitioners under the theme of 'Facilitating Acceleration of Infrastructure Development'.

The new network includes more than 100 practitioners, financiers, technical specialists and sector experts. Given the infrastructure backlogs and the limitations of the public sector, there could be no denying that public-private partnerships (PPPs) remain a significant part of the solution to Africa's infrastructure development problem. The pertinent question is how to make PPPs happen in a manner that creates a 'win-win' for both the public interest and private partners involved. *(BR, 17.02.11)*

Egypt Eyes Zambian Market

The Chemical and Fertiliser Export Council (CFEC) of Egypt will increase trade with Zambia as 30 Egyptian companies are expected in the country for prospective investment. CFEC Executive Director, Waleed Azab said "We will come to attract business in Zambia and have agreed to collaborate with ZACCI. We will hold a business forum to be conducted in Zambia on February 24, 2011, and 30 companies from Egypt are expected in Zambia".

The business delegation will cover sectors such as fertilisers, plastic, paper, packaging, machinery and organic chemicals, among others. Zambia recorded a trade surplus with Egypt of US$340mn driven by copper, wood and casket exports between 2008 and 2009. *(ToZ, 01.02.11)*

Saudis Plan Projects in Zambia

Saudi farm, Menafea Holding, plans to invest funds in 2011 and will grow pineapples and build a factory to produce juice. It will build 2,000 housing units in the Lusaka South Multi Facility Economic Zone (MFEZ) under the same agreement signed with Zambia's investment promotion agency.

The project is expected to create employment opportunities in Lusaka and North-Western Province and link up indigenous small-scale farmers to a ready market through outgrower schemes.

Zambia did not regard leasing farmland to foreign investors as a form of 'colonialism' and was encouraging countries from the Gulf to invest in its agricultural sector. *(ZDM, 24.02.11)*

MTN, Banks Sign Loan Syndicate

A consortium of banks and MTN Zambia have signed a syndicated loan facility agreement worth US$120mn. The banks include Standard Chartered Bank, Stanbic Bank, Citi Bank, Barclays Bank Zambia and Amalgamated Bank of South Africa (ABSA) Capital and (joint coordinator) a division of ABSA Bank Limited of South Africa.

MTN Managing Director, Farhad Khan, said the total funding raised is aimed at achieving debt consolidation and localisation. He explained that with the debt consolidation, the firm will consolidate its existing financing arrangements into a single and focused relationship, while debt localisation will enable it replace the existing foreign currency denominated debt and eliminate resultant exposure to currency volatility and risk. *(ZDM, 28.01.11)*

Attractive Mauritius!

Foreign companies with an eye on Africa's emerging markets are flocking to Mauritius to incorporate local subsidiaries in a move that could deny more than a dozen African governments billions of shillings in corporate taxes and position the island nation as the region's economic hub.

Kenya, which has been eyeing the regional economic hub status, is one of the likely casualties of the migration to the Indian Ocean state, whose favourable tax regime and efficient judicial system have become popular with multi-nationals looking for a safe haven to anchor their expansion into Africa's highly profitable, but risky, frontier markets.

Investment analysts opine that though there has been a growing interest in Kenya as a business hub for the newly-created East African Community's (EAC) common market, pressure is mounting from Mauritius' continued attractiveness as an operation base for foreign investors eyeing the region. *(BD, 03.02.11)*

African Investment Rising

The International Monetary Fund (IMF) analysts hold that foreign direct investment (FDI), particularly from Africa's new trading partners in Asia, will 'strengthen and demand for African bonds is set to increase.' Africa is to see a strong rise in investment in 2011 and in the years to come.

African trade is already shifting toward the dynamic emerging markets, notably China. Trade between China and Africa has been expanding rapidly, growing by an average of 30 percent a year over the past decade, and likely to exceed US$100bn in 2010.

Economic analysts, investors, and the media are increasingly able to single out countries in SSA with good track records and prospects that inspire investor confidence. *(AN, 14.01.11)*

SABMiller Raises Targets

Africa's biggest brewer SABMiller Plc underlined its confidence in the continent by raising its revenue and margin targets after big investments in nations like Angola, Tanzania and Mozambique.

Strong economic and population growth is driving Africa's thirst for beer, and after spending US$1.5bn over the last three to four years the brewer says it is now eyeing growth in new markets like Nigeria, southern Sudan and Ethiopia.

SABMiller's Africa business unit, which excludes South Africa, earns 12 percent of group profits and is the fastest growing beer market along with Asia, with underlying beer volumes growing 12 percent in the last three months of 2010. *(FT, 23.03.11)*

China-Zambia Trade Soars

"Trade between China and Zambia has remained robust at over US$2.2bn because of the closer bilateral relationship the two countries enjoy", Chinese Ambassador to Zambia, Li Qiangmin said. Li said that the influx of Chinese investment in Zambia is a sign that the two countries want to promote fair trade. He said that if the country wants to grow its economy, it should do so with the help of China.

Standard Chartered Bank Managing Director, Mizinga Melu, said that in 2010, Africa-China trade exceeded US$110bn, from US$90bn recorded in 2009. He stated that the US$2.2bn trade between China and Zambia is set to enhance closer socio-economic partnerships and ties. Standard Chartered Bank signed an MoU with the Agricultural Bank of China. *(ZDM, 01.02.11)*

FDI Flows to SA Slump

Despite FDI flows to developing economies having risen by an estimated 10 percent in 2010 when compared with 2009 figures, a new report estimates that FDI inflows into South Africa fell by a material 77.9 percent over the same period.

The latest United Nations Conference on Trade and Development's (UNCTAD) 'Global Investment Trends Monitor' calculates that FDI inflows into South Africa slumped from US$5.7bn in 2009, to US$1.3bn in 2010.

The fall, which represented less than a quarter of the country's 2009 flows, also contributed to a large fall in the figures for the sub-Saharan region as a whole. Inflows into Africa are estimated to have dropped by 14 percent to US$50bn in 2010.

(ENO, 19.01.11)

Namibia Needs Strong Trade

"Namibia is committed to deepening intra-regional trade within southern African and integrating its economy with the rest of the Southern African Development Community (SADC) economies and the African continent at large", Finance Minister Saara Kuugongelwa-Amadhila said.

She told the Namibian Parliament that a high level export group has been appointed to consolidate and refine technical work done so far for the southern African region to reach agreement and common understanding on parameters, benchmarks, timelines and a model customs union including its implementation modalities.

She said that Namibia ratified the SADC Protocol on finance and investment which aims to harmonise the finance and investment policies in member states.

(TST, 15.03.11)

UK to Boost African Trade

The UK is to launch a new initiative to boost African trade through reduced bureaucracy, improved transport infrastructure and more efficient border crossings. The African Free Trade Initiative (AFTi) will see Britain provide technical experts to unblock issues that continue to hold back economic growth across the region.

This will include advising African countries on the design of border posts, infrastructure investment and analysis of major transport bottlenecks. Expected results include cutting the time it takes to travel the length of Africa's North South Corridor from nine to seven days and reducing the journey time for goods lorries from Mombasa to Uganda and back to Mombasa by three days.

The initiative will help break down trade barriers and open up opportunities for entrepreneurs, both large and small, to access new markets and invest in expanding production and trade.

(UK Mission, 24.02.11)

African Leaders in Land Grab

Several African leaders have bought lands in Ethiopia to develop agricultural projects or tourism resorts. They are let to bypass a 2007 ban on export of cereals, still in place for other investors.

Following a food crisis in 2007, Ethiopia 'temporarily' banned all exports of cereals. The ban has never been formally lifted. Still, both the Egyptian government project and Djiboutian President Guelleh have been allowed to export cereals cultivated on the lands sold to them by the Ethiopian government.

The US Ambassador also discussed the criticism against the land grab in Ethiopia, with several claiming it would further jeopardise the critical food security situation in the country. He, however, agrees with Ethiopian authorities that commercialisation of the agricultural sector and foreign investment were necessary. Nevertheless, he commented that Ethiopia's new land lease policy was 'a long way from proving its worth as a vehicle' for the national economy.

(AN, 28.01.11)

Namibia, DRC Sign Agreement

The governments of the Republic of Namibia and the Democratic Republic of Congo have signed a trade agreement to allow for trade in livestock and livestock products. The aim of this agreement is to put a legal instrument in place to allow both countries to import and export meat and beef specifically. The trade agreement would increase trade between the two countries.

Namibia usually exports its beef to the European countries and facilitates all applicable documents necessary for import purposes into the Democratic Republic of Congo.

(TST, 16.02.11)

Lags in Harnessing Exports

Tanzanian exporters have never harnessed fully the opportunities in the export sector, thus its contributions into the economy have remained minimal. Goods exports amounted to US$986.9mn, up from US$792.3mn recorded in the previous quarter, largely due to an increase in value of traditional exports. The improved performance in traditional exports was largely attributed to a rise in export unit prices for cotton, tobacco and cloves.

Non-traditional exports increased to US$879mn, up from US$738mn recorded during the previous quarter, mainly on account of an increase in export of manufactured goods and re-exports. Conversely, the value of mineral exports declined by 4.8 percent on account of a drop in export volumes of gold to 8.5 tonnes from 9.5 tonnes recorded during June 2010.

(DN, 12.01.11)

China-Africa Trade Pact

China plans to further boost its soaring US$100bn trade with Africa defending its sometimes criticised presence on the continent as mutually beneficial. Chinese demand for oil, gas, iron ore and other raw materials for its rapidly growing economy has spurred trade and investments in Africa in recent years.

Beijing is encouraging Chinese companies to invest in Africa in an effort to diversify an economy driven by exports and outside investment. China's interest in Africa has largely targeted oil, gas and mining but is expanding to manufacturing, real estate, infrastructure and other sectors.

(AP, 03.01.11)

RECs Facing Challenges

Given their small sizes, populations and their inaccessibility to ports, many African countries need inter-state economic cooperation and integration for their own growth and development. Fostering African economic cooperation and integration and the principles of pan-Africanism is one of the cardinal principles of the African Union (AU).

Through the 1981 Abuja Treaty, African states committed themselves to the 34-year phased creation of an African Economic Community, using the regional economic communities (RECs) such as the SADC, Common Market for Eastern and Southern Africa (COMESA) and Economic Community of West African States as the 'building blocks'.

The RECs cannot resolve the small market size problem. In Africa the establishment of nationally integrated economies with close inter-sectoral linkages and adaptations, especially between agriculture and industry is yet to be attained. *(TC, 16.03.11)*

SADC Urges More Intra-trade

The SADC has appealed to its members to increase intra-trade in Africa. SADC wants to see intra-trade within the bloc and between other African nations increase from 10 percent to at least 45 percent.

SADC Executive Secretary Dr Tomaz Salomão said that the biggest achievement by the European Union (EU) and Asian countries is their intra-trade – something he would like to see replicated between African states. He said one of the biggest challenges that SADC faces is infrastructure quality. However, he praised Namibia for its good roads as opposed to those of some other SADC states. *(NE, 07.03.11)*

SACU Reviews Revenue Sharing

The Southern African Customs Union (SACU) is making headway in terms of how best to share revenue amongst its members. Presently, member countries are mulling over two ideas – either setting up a dedicated development fund or increasing the development component under the sharing formula.

There is already a general agreement, as per the first heads of state summit in 2010, that the revenue pool within the union should address development, strengthen industries' development and take care of countries with smaller economies in the group.

Member states met to discuss a review of the revenue sharing formula. The meeting has the local manufacturing industry abuzz with a word that consensus was reached to have a new revenue sharing formula that has 'strong emphasis on development to support regional infrastructure for the expansion of SACU'. *(NE, 02.02.11)*

EAC Expansion Welcome

South Sudan and the Democratic Republic of Congo are interested in joining the EAC. By joining the EAC, these countries will expand the bloc and create a larger regional market in Africa that hitherto has been a spectator rather than a player in global trade.

Africa has inadequate infrastructure, technology and skilled personnel to make and distribute goods competitively. But building a strong infrastructure, acquiring the right technology and training workers need time and resources.

To improve economies, African countries should increase intra-regional commerce by establishing and strengthening regional economic blocs. Such arrangements will facilitate elimination of non-tariff barriers. *(TC, 15.02.11)*

Policy Gaps Hinder EAC Progress

The lack of a harmonised trade policy in the EAC is hampering the ability of the region to consolidate the gains made under the Customs Union. This impediment is further slowing the rate at which the EAC is implementing a number of policies such as the free movement of people, capital and labour as enshrined in the Common Market Protocol.

The implementation of the Common Market Protocol kicked off in July 2010 and provides for the free movement of goods, labour, services and the right to residence but this has not been successfully executed. The reason is partly because the partner states have not fully aligned their national legal and regulatory laws and policies so that they can conform to those of the region. *(www.tralac.org, 16.03.11)*

Tripartite FTA Deal Near Final

As the COMESA, EAC and SADC continue to integrate their economies, countries are now subscribing to the bloc's trading area in order to attract investment. The Democratic Republic of Congo is the latest country to assent to the grouping's tripartite Free Trade Agreement (FTA) as it gears for its next level of integration.

The COMESA FTA is going to benefit the country given the fact that it will give the business community more opportunities in the regional market. These opportunities will be further facilitated by the PTAs and investment financing facilities.

The Tripartite FTA covers a larger market, with a single economic space, as compared to the three regional economic communities. It will be more attractive to investment and large scale production. *(EABW, 28.02.11)*

Development Platform Launched

The African Union and the New Partnership for Africa's Development Agency in collaboration with RECs and partners officially launched the Africa Platform for Development Effectiveness (APDev) during the IV AU/ECA Joint Annual Meeting of the Conference of African Ministers of Finance held at Addis Ababa.

APDev is a physical and virtual multi-stakeholder platform and organising mechanism. It aims at mobilising African policymakers, practitioners and other development stakeholders toward achieving sustainable development results.

As a much-desired continental initiative, APDev focuses on three interrelated themes – Aid Effectiveness, South-South Cooperation and Capacity Development – as critical and core drivers of development effectiveness. *(www.africa-platform.org, 29.03.11)*

Kenyan Agri-sector Faces Drought

The Kenyan Cabinet has directed its Committee on Food Security to enhance distribution systems and chart an efficient livestock off-take and fertiliser provision chain. The government faces a fresh challenge of reorganising its spending priorities to raise money for feeding up to two million people facing starvation in the ravaging drought, which relief agencies predict could worsen in the coming months.

The Special Programmes Ministry estimates that five million people have inadequate food, while the Red Cross and UN's Food and Agricultural Organisation estimate between 1.2 million to 1.8 million face starvation. In 2009, a prolonged drought pushed the country to the brink of food riots, when it exposed 10 million Kenyans to starvation. *(BD, 02.02.11)*

Increasing Food Production

An international agricultural organisation has launched a three-year initiative of training agro-dealers as experts to take up the traditional role of extension officers, in a move aimed at raising agricultural output and farmer incomes. The programme has so far trained 500 agro-dealers from 20 districts.

Currently, the ratio of farmers to agricultural extension officers in Kenya is over 1,200 to one. International Centre for Soil Fertility and Agricultural Development is offering training in the quality certified hybrid seeds to stock and farming conditions conducive for the seeds to yield bumper harvests.

The dealers are also trained in the right crop protection products to sell and on how they are likely to benefit the farmers buying them. The training also links the agro-dealers with financial institutions such as Equity Bank to ease their access to credit facilities to restock. *(BD, 01.02.11)*

Indian Acquisitions in Africa

A fresh round of competition is expected in the domestic consumer goods market, following plans by two giant Indian firms to buy into the industry that is fast attracting foreign firms eyeing regional markets. Indian consumer product giants, Dabur and Emami, said they plan to make asset acquisition in Kenya, among other African countries, as a way of growing their businesses in the frontier markets.

Dabur, one of the most active Indian players in Africa, is looking for assets in the US$10-US$50mn range in South Africa, Nigeria, Kenya, Ghana, Mozambique and Tanzania. What is happening in the markets will be a milestone for consumers and this will undoubtedly benefit them.

(BD, 01.02.11)

Milk Sales Rise by 26%

Milk sales rose 26 percent in 2010 to reverse negative and single-digit growth in 2008 and 2009 respectively on account of higher production and processing capacities. About 511 million litres of milk were processed in 2010, compared to 407 million litres in 2009, according Kenya National Bureau of Statistics. Favourable weather in 2010 resulted in a glut, with processors taking in additional milk, while reducing retail prices and offering promotions to entice customers.

However, Kenya has not managed to meet international market demand. Processors have also been increasing their capacity in terms of fresh milk. But capacity in terms of processed milk is yet to be met. Milk processors are looking to increase this amount. *(BD, 03.02.11)*

Congo Halts Oil Exploration

The Government of Congo Kinshasa has suspended the highly controversial oil exploration programme in the unique Virunga National Park, a World Heritage Site. The Kinshasa Environment Ministry issued a statement declaring the DRC government would suspend any activities related to oil exploration in Virunga until the potential impact of such a project is thoroughly assessed.

Virunga is Africa's oldest national park, home to mountain gorillas and on UNESCO's prestigious World Heritage list. Congolese Minister José Endundo said his government would initiate a thorough and transparent Strategic Environmental Assessment (SEA) to decide whether such a project could be considered in one of the world's most precious and fragile nature parks. *(AN, 17.03.11)*

Raising Consumer Awareness

One of the functions of the Zambia Information and Communications Authority Technology (ZICTA), as stipulated in the Information and Communication Technology Act (ICT) of 2009, is to promote the interests of consumers, purchasers and other users of information and electronic communication services.

To this effect, ZICTA has formulated guidelines on consumer protection and carrying out awareness campaigns aimed at educating consumers on their rights. In discharging this function, ZICTA has identified consumer rights and obligations that consumers need to be educated about, in addition to the procedure for lodging complaints against service

(ZDM, 28.02.11)

Illegal Logging in Madagascar

Since Madagascar's 2009 coup, illegal logging of precious rosewood in the island's protected forests has exploded. A promise by coup President Andry Rajoelina to act to stop this logging has not been held.

More than 20,000 hectares of forests, inside protected areas, have been devastated following political turmoil in 2009, with more than 100,000 precious wood trees illegally felled in some of the richest and most diverse forests on the planet. A further estimated half a million more trees have been cut, to float the heavy logs downstream, causing extensive damage and species loss.

It also affects the tourism industry that traditionally benefited these parts of the island's north eastern humid forests and which has provided local people with jobs and a regular income in the past.

(AN, 17.01.11)

BRICs Reach out to South Africa

– C P Ravindranathan

South Africa may not match the growth rates of the other four economies, but to help further diversity and trade within the bloc, it is all set to be a member

Brazil, Russia, India and China (BRICs) have decided to appoint South Africa as an observer. The path has, therefore, been cleared for the inclusion of South Africa as a member of the grouping.

South Africa has been lobbying for its membership for sometime, and the recent outcome has been welcomed in the country.

The media has observed that South Africa was now being recognised as a significant developing country in its own right and as a gateway to the continent of Africa.

The change in the acronym will be limited to the enlargement of the small 's', whose purpose in the original was not quite clear in the first place. The consonant will now fit more integrally into the acronym, with India continuing to provide the sole connecting vowel.

More importantly, in terms of geography the continent of Africa will find its representation in the grouping. With South Africa already in the G20 and in climate negotiations in the BASIC, its induction would significantly enlarge the space for multilateral dialogue.

Not Fitting the Bill

The creator of the concept of BRICs, Goldman Sachs, had clearly excluded South Africa. BRICs were identified as a distinct category of nations that would become important by virtue of their being the four largest emerging economies with high rates of growth. South Africa did not even figure in the list of the 20 largest economies at the time.

Later, in 2003, Goldman Sachs specifically considered Africa's absence in the BRICs and the potential of South Africa as the largest economy in the region, but made two important points.

First, real GDP growth of South Africa from 1992-2002 averaged only 2.3 percent, placing the country in the middle tier in the regional growth trends. Secondly, with longer-term projections of around 3.5 percent growth over the following 50 years, South Africa's economy in 2050 would be smaller than the smallest BRIC, making it difficult for the country to become a global economic heavyweight.

In fact, South Africa did not find a place even in another category formulated by Goldman Sachs: the next layer of emerging economies after BRICs, or the Next Eleven, comprising countries such as Indonesia and Nigeria. The decision then, to include South Africa is based more on geopolitics than economics.

A significant starting point was the first BRIC summit hosted by Russia in 2008 at Yekaterinburg. The declaration issued on that occasion had invoked an equitable, democratic and multi-polar order.

The Prime Minister, Dr Manmohan Singh, with Presidents, Hu Jintao, Luiz Inacio Lula da Silva and Dmitry Medvedev, of China, Brazil and Russia respectively

In a subsequent statement from Russia, BRIC was described with a touch of exaggeration as part of 'the formation of a polycentric, fair and democratic world order'.

Trade Potential

A notable factor that can contribute to the richness and dynamism of the BRICs process is links with other groupings, regional and international, like the Shanghai Cooperation Organisation, IBSA (India, Brazil and South Africa) and above all, G-20.

With South Africa's addition, BRICS' status as a unique concert of regional and emerging continental powers will be enhanced. But it is not so much the singularity of its origin but the elective affinity of the members that has provided the cementing influence for the grouping.

BRICS' smaller membership can be its prime source of strength. In tasks like restructuring the international financial system and facilitating the mission of the WTO, BRICS could be a source of valuable initiatives and ideas. Among BRICS themselves, the possibilities of cooperation in several fields are enormous.

FTAs are another policy measure that BRICS could consider as a means to promote trade and investment flows among themselves.

China has already become the largest trade partner of Brazil, South Africa and India; on India's part much remains to be done to realise the potential of trade and economic exchanges with other member countries.

BRICS-wide cooperation and partnership among business and industry offers boundless possibilities, but it has a long way to go.

* *Professor, Xavier Institute of Management and Entrepreneurship, Bangalore. Abridged from an article that appeared in* The Hindu Business Line, *on March 09, 2011.*

ReguLetter

The January-March 2011 issue of newsletter, 'ReguLetter' encapsulates 'Broad-based Support Key to Competition Enforcement in Africa' in its cover story, which states that unprecedented interest and zeal on competition law issues has been noted in African countries over the last decade or so. Its aim is to remind the readers that adoption of a law and establishment of a competition enforcement agency only mark the beginning of what is often a fairly long and arduous process of competition enforcement in a developing country setting.

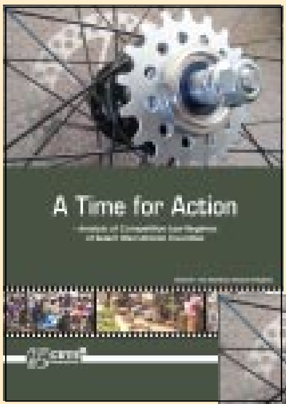
The lead story is followed by regular sections focusing on news, views and policies related to corporate restructuring, regulations of utilities and finances, corporate governance etc. of different countries in particular, the developing nations. Besides, annual roundup of competition laws, mergers & acquisitions, corporate issues etc. are other highlight of the edition.

A special article by Raghuram Rajan says that more than silencing by money, overspecialisation is a big part of economists' predictive failures in recent years. It also provides excerpts from the interviews with Directors General of three Chinese antitrust agencies that not only provide helpful perspectives on cooperation between different antitrust agencies within China but also other antitrust agencies around the world.

About a Competition Law section looks at the competition scenario in Zambia, the institutions of competition law in the country and the scope of improvement in the law.

This newsletter can be accessed at: http://www.cuts-ccier.org/reguletter.htm

7Up4 Project Reports



Anglophone Country Reports

Francophone Country Reports

A Time for Action
Un Temps pour Agir

The country research reports of a two-year project 'Strengthening Constituencies for Effective Competition Regimes in Select West African Countries' (also referred to as 7Up4 project) that CUTS has implemented in seven countries of West Africa is published in two volumes. The English volume contains the anglophone country reports (Ghana, Nigeria and The Gambia) and the French contains the francophone country reports (Burkina Faso, Mali, Senegal and Togo).

The reports are a unique source of information about the state of competition in each country and the comparative inter-country analysis leads to very useful observations. These observations relate

to the sequencing of policies in the process of economic liberalisation, the institutional design of competition law systems at the national and regional levels, and the prerequisites for a successful transition to a market economy, and others.

It emerges that there are huge opportunities for countries in this region to achieve economic development by evolving well-functioning markets, which are promoted by enabling policies and nurtured by effective institutions. These are areas that the international community should particularly focus its assistance efforts in the future.

For more details please visit: www.cuts-ccier.org/7up4/

Sources

AN: Afrol News; AP: Associated Press; BD: Business Daily; BR: Business Report DN: Daily Nation; EABW: East African Business Weekly; ENO: Engineering News Online; FT: Financial Times; NE: New Era; TC: The Citizen; TP: The Post; TST: The Straits Times; ToZ: Times of Zambia; ZDM: Zambia Daily Mail

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