Tradequity

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AU Seeks Mandate to Fast Track Trade in Services

In 2010, world exports of commercial services grew by nine percent, reaching US$3,695bn. The most rapid growth occurred in Asia, where exports rose by 22 percent, led by India and China. Since 2005, Asia's exports of commercial services expanded on average by 13 percent annually.

Also in 2010 exports of commercial services from Central and South America and the Caribbean as well as from the Commonwealth of Independent States grew by 12 percent while North America's exports increased by nine percent.

Africa's exports grew by 10 percent, while Middle East exports rose by only three percent. Despite this growth, Africa has continued to lag behind the rest of the globe with regard to trade in commercial services. Only two African countries exceeded US$25bn in commercial services trade in 2010, namely Egypt and South Africa.*

The potential for services trade to impact poverty and development across the continent in a meaningful and sustainable way is immense. Services trade offers new opportunities for export diversification in more traditional sectors like tourism, while making room for a new revolution in telecommunication services.

In fact estimates indicate that each job in the export oriented services sector supports the creation of three-four additional jobs in the wider economy. Services trade creates opportunities especially for landlocked countries for which diversification into export of manufactures is limited by high transportation costs.

Data show that in the last ten years services exports from non-oil landlocked countries increased at a rate 3 times faster than their export in goods and that the gains of services liberalisation are said to be likely larger than those from goods liberalisation, with lower adjustment costs from services sector reform.

However, regional trade bodies in Africa and the continent at large are not oblivious to the benefits of trade in services. With this in mind, the African Union (AU) held a two day workshop in Zambia, bringing together Regional Economic Communities (RECs), development partners, private sector players, think-tanks and NGOs in a bid to enhancing the focus of trade in services across the continent.

The AU/RECs workshop on trade in services was held in collaboration with the African Development Bank and International Lawyers and Economists Against Poverty and came up with some key recommendations including an enhanced role of the AU in trade in services.

Among other things, the group recommended that the AU provide the necessary political leadership to promote trade in services at continental level, develop a continental action plan on services and create an AUC services desk while calling on RECs to do the same.

In the Zambian context, this workshop came at an opportune time. Zambia conducted a Diagnostic Trade Integrated Study (DTIS) in 2005, which is a review of Zambia's trade policies and performance. It assesses Zambia's potential for export diversification, identifies the main constraints to increasing exports, evaluates trade capacity and policy coordination, and develops an Action Matrix towards key trade-related policy reforms.

Considering that Zambia's DTIS was last done seven years ago, work on an updated DTIS is currently underway. This development stems from observations in a review of the last DTIS conducted by CUTS which found several gaps in the document including the fact that under trade in services, only tourism was highlighted.

Incidentally, the sub-Saharan nation will be undertaking a midterm review of its Sixth National Development Plan (SNDP). This provides the perfect scenario for missing issues such as a more profound focus on trade in services to be included in the DTIS and further mainstreamed into the SNDP.

This positive momentum is further improved by the view taken by the Ministry of Commerce Trade and Industry (Zambia) to use the DTIS as the main platform of feeding trade policy into the national development plans which is in tandem with CUTS' viewpoint.

In addition to the efforts being made at the regional level, the AU can play a large role in pushing the services trade agenda forward at the continental level. Considering the contribution of services trade to gross domestic product (GDP), enhancing intercontinental and intra-African trade in commercial services can contribute towards poverty reduction significantly. Coupled with a pursuit for sustainable development, this can help create the Africa we all long to see.

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The Truth about Foreign Aid

A report by Oxfam and Save the Children said that the delay in releasing emergency relief in the Horn of Africa cost thousands of lives and millions of dollars. The report concludes that humanitarian assistance should be done differently. The anti-foreign aid establishment is using the report to argue that aid does not work and should be cut across the board.

The fact that US$2.1bn has been donated to help the victims of famine is a testament of human beings' generosity. According to public opinion research, many people believe foreign aid is either stolen by corrupt leaders or wasted in ineffective programmes.

There is also the argument that aid does not work even when it gets to its intended recipients. This claim is not convincing either. The proportion of people living in extreme poverty has declined by more than half. These massive improvements are due to some extent to aid-funded programmes to buy vaccines and boost farmers' productivity.

(BD, 31.01.12)

Malawi Losing Diaspora Dollars

The Malawi economy could create a niche among top African countries that benefit significantly from service exports, but unfriendly foreign remittance instruments have translated into a negligible gross domestic product (GDP) contribution from the country's human resource capital abroad.

Malawi is grappling with a forex shortage problem that has paralysed its ability to import essential goods and services. But the Economics Association of Malawi said that foreign remittances have the potential to help heal the battered economy and lift the market gloom.

Statistics from the National Statistical Office (NSO) imply that financial contributions from Malawians abroad could make less than four percent of GDP. This is shown in an April 2011 report released by NSO's Economics Division, which fails to mention remittances' actual contribution to GDP. *(TST, 09.01.12)*

Botswana's Metal Refinery

For years many analysts and policymakers argued that Botswana's development could not possibly be sustainable if it did not make full use of the limited resources it has. Resource nationalists argue that the old model of African growth which has basically remained unchanged since the 19th century cannot work.

This model is based on the country exporting unprocessed raw materials from ivory to diamonds to gold, all being sent down to the coast and exported to Asia and Europe where they are further processed.

In this model, jobs and much of the value added disappeared and while Botswana got government revenue and temporary growth and prosperity, it did not get a fundamental transformation of its economy. *(Mmegi, 05.03.12)*

Expedite Tripartite FTA

The Zambian Minister of Commerce, Trade and Industry Robert Sichinga called African countries to expedite the process of establishing the Tripartite Free Trade Area (FTA) to enhance economic development in the continent.

He said the establishment of an FTA will significantly contribute to the realisation of the vision to create a single economic space on the continent as envisaged under the Lagos Plan of Action and the Abuja Treaty.

The Minister spoke recently when he opened a second Southern African Development Community (SADC), Common Market for Eastern and Southern Africa (COMESA) and the East African Community (EAC) tripartite trade negotiation forum in Lusaka.

(ZDM, 17.03.12)

Economic Policies Commended

Japan commended the new Zambian government's economic policies and pledged to cooperate in improving infrastructure development and private investment by the Japanese private sector.

Parliamentary Senior Vice-Minister for Foreign Affairs Ryuji Yamane said Japan is pleased with Zambia's political stability and the promising economic climate the country is witnessing.

"Zambia is rich in minerals especially copper which has made the country make achievements in recent years. We are encouraged with the current political stability the country is enjoying. As Japan, we will cooperate in the improvement of infrastructure and public private partnership initiatives," he said.

(COMESA, 07.03.12)

Kenya to Cut public Spending

The International Monetary Fund (IMF) wants Kenya to slash its swelling public expenditure and increase its reserves to cushion it from expected harsh economic conditions in 2012. The IMF also advices that the government should focus on ambitious medium-term plans and effective monetary policy curb domestic demand.

According to the institution, this can be achieved by reducing non-priority expenditure. Increased public expenditure, as a result of increased demand for goods and services, has seen the country's public debt increase from forty eight percent to 54 percent, more than five percentage points above the IMF's recommended ceiling of 45 percent.

(EA, 23-29.01.12)

Angola's Economy

Between 1963 and 1974, the Angolan economy grew at an extraordinary 25 percent a year. This went hand in hand with burgeoning employment. Angola was once the world's fourth-largest coffee and sisal producer, most of it farmed in colonial-style large plantations. From a peak of US$180mn in coffee exports in 1974, the figure was just US$250,000 in 2010.

Despite an average per capita income of nearly US$9000 and enormous mineral riches, more than two-thirds of Angola's eight million people live under the US$2-per-day poverty line, with one-third reliant on subsistence agriculture for their income. There is little formal sector employment apart from the government.

(TL, 16.01.12)

Big Power Pool Project

Kenya signed a 400MW with Ethiopia after Nairobi managed to bring down the high charges initially proposed by Addis Ababa. This deal is the biggest power pool project in the region and will serve as a model for future arrangements under the East African Power Pool.

Under the deal, Kenya has to pay for the 400 MW supply at US 7 cents per kilowatt hour even when not using it. A 1,045 kilometre electricity transmission line between Ethiopia and Kenya is expected to be completed by 2016 at a cost of US$1.2bn. This agreement, however, is not the first of its kind in Kenya, a decade ago Kenya imported about 30MW from Uganda to make up for its power deficit. *(EA, 23-29.01.12)*

Zambia, China Revive Ties

Zambia and China are actively putting their bilateral and trade relations back on a firm footing after doubts arising from the election of a new government in Zambia. There was feverish activity as 2011 drew to a close with a quickening of high-level contacts between the two countries.

Zambia and China were to subsequently sign three more grant aid agreements on December 29, under which there was a further US$1.8mn in grants for Zambia. The agreements covered the provision by China of extra medical equipment and supplies for the Chinese-built Lusaka General Hospital, provision of equipment and consumables for the anti-malaria centre and feasibility studies for the expansion of two hydro-electric power stations. *(TL, 12.03.12)*

Imported Chickens Smuggled in

Zambia has a statutory instrument that bans the importation of chicken in the country to protect the infant industries. Recently, a farmer organisation called the Zambia National Farmers Union which exposed imported chickens in one of the leading Game Stores of South Africa.

Reacting to that, Zambian Agriculture Minister Emmanuel Chenda said the imported chickens in Game Stores could have been smuggled into the country. He insisted that no final permit was granted by his Ministry to either Shoprite Checkers or Game Stores to import chickens, arguing that the only way the birds could have found themselves on the South African chain store's shelves was through illegal means. *(TP, 21.03.12)*

SA Must Claim Gateway Status

Singapore is looking at Namibia as an entry point for trade expansion into Southern Africa. "Namibia is stable and friendly with everyone. It is a country with good comparative advantage as a gateway to the rest of Africa," said Taik Him Chua, Deputy Chief Executive Officer of International Enterprise Singapore (IES).

IES is the government agency driving Singapore's external economy, spearheading overseas growth of Singapore-based companies and promoting international trade.

The executives met with representatives of various trade promotion agencies in the trade ministry, officials from the works and transport ministry and viewed a presentation of the harbour from the Namibia Ports Authority, as well as discovering the various transportation corridors linking the port of Walvis Bay to the Democratic Republic of Congo and Angola. *(NE, 21.03.12)*

Kenya 2nd on Investors' Survey

Nearly half of international fund managers and investment bankers see Kenya as a top frontier investment market second to Nigeria. A survey of 158 international investors by the Economist Intelligence Unit showed that 76 percent of them believed that Kenya offered the best prospects for institutional investors over the next five years compared to 81 percent said Nigeria was better.

Local fund managers have attributed the growing interest to the emerging middle class that is offering a ready market for new products, including financial services, consumer good, power and energy. There are profit-making opportunities in the market presented ready demand for goods and services, and this is what investors are looking for. *(BD, 26.01.12)*

Milk Threat to Dairy Industry

The frenzy that has gripped the poultry industry in Zambia is now spreading to the country's dairy sector with fears of an imminent suspension of the ban on milk importation, particularly from Kenya. This is despite the fact that milk products have continued coming into the country, usually at relatively lower prices, at the expense of the local industry.

Worries among dairy farmers and processors are that the partial ban that was lifted in 2011 on the importation of condensed and powdered milk from Kenya was now being allegedly extended to liquid milk itself.

Dairy Association of Zambia (DAZ) Executive Manager Jeremiah Kasalo said Kenyan milk was more competitive than the Zambian one, which could lead to the demise of the local industry. *(ToZ, 20.03.12)*

Leaders in Talks to Boost Trade

Trade barriers have stifled intra-trade in Africa. African leaders met in Addis Ababa under the auspices of the African Union (AU) to discuss ways of more than doubling intra-African trade, from the current 10 to 25 percent or more in the next 10 years.

Poor transportation infrastructure, tariff barriers, over-reliance on export of primary commodities and production of similar products are some of the challenges facing trade in Africa.

Africa needs to diversify its products and limit over-reliance on raw materials and primary commodities which cannot ensure long-term growth. Removal of non-tariff barriers and easy movement of goods and services are fundamental to spur intra-Africa trade. *(BD, 27.01.12)*

African Trade to Diversify Exports

African trade growth is increasing and South Africa should examine the role it can play in leading Africa in this regard, University of Cape Town School of Economics Professor Lawrence Edwards said.

He said there seemed to be a general consensus that global divergence would continue, with developing economies, which contributed 20 percent of global GDP, increasing their GDP contribution to 40 percent in 2015 and close to 50 percent in 2020.

Many countries, including South Africa, were currently re-evaluating trade policy approaches on the back of the global economic crisis and developing economies needed to shift their growth to more "domestic consumption", which would change the pattern of trade and the nature of growth, as well as the way the country dealt with trade and trade policies.

The Department of Trade and Industry Deputy Director General for International Trade and Economic Development Xavier Carim added that South Africa's export growth was outstripped by import growth, leading to a trade deficit. *(EN, 16.03.12)*

Zambia Exports Maize to South Africa

Zambia's maize surplus can partly shore-up the deficit in Southern Africa which has pushed up prices of the staple and accelerated inflation in food prices. South Africa is now importing maize from Zambia to make up for deficits.

Zambia's Agriculture Minister Emmanuel Chenda said "We had more than one million tonnes of surplus maize. We decided to export 600,000 tonnes because we didn't have storage space and so far we have sold 200,000 tonnes".

Zambia recorded a bumper harvest of three million tonnes of maize in the 2010-11 season, from 2.8 million tonnes the previous season. Zambia's big yields have been attributed to government subsidies to peasant farmers in the form of fertilisers and seeds.

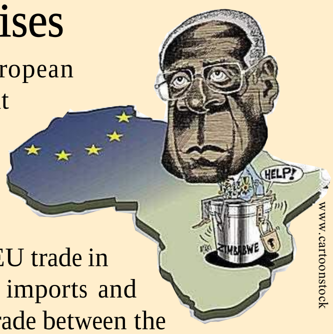
(BD, 23.01.12)

Boosting Mining Sector in Tanzania

Tanzania's mining sector has declined from 30 percent in 2000 to 1.7 percent presently, according to the Chairman of Parliamentary Public Organisations Accounts Committee, Zitto Kabwe. He blamed the trend on lack of significant local investment, especially in exploration. He said the growth of the sector had for long relied on foreign investment.

The Chairman of the Tanzania Chamber of Mines and Energy, Joseph Kahama, said many local investors would in future be sidelined by a cumbersome licensing system which is in favour of powerful foreign investors. Exploration was an important part of the mining sector and urged the government to put in place a system to boost local investors. *(BD, 06.02.12)*

Zim-EU Trade Rises



"Zimbabwe's trade with the European Union (EU) increased by 36 percent in 2011, reaching US$873mn from US$642mn in 2010", the EU Ambassador to Zimbabwe, Aldo Dell'Ariccia said.

He said initial data on Zimbabwe-EU trade in 2011 showed improvements in both imports and exports. He said the improvement in trade between the two partners was also driven by EU exports to Zimbabwe, which went up by more than a quarter.

Trade with the EU currently constitutes around 30 percent of Zimbabwe's total exports. As the second largest trading partner to Zimbabwe, trade between the EU and Zimbabwe has almost doubled since 2009. Meanwhile, trade between the two partners is set to receive a further boost as Zimbabwe is now very close to completing the ratification of the interim Economic Partnership Agreement (EPA). *(www.allafrica.com, 22.02.12)*

SNIPPETS

GE Eyes Opportunities in Kenya

Leading US conglomerate General Electric (GE) is exploring investment opportunities in Kenya as part of its growth strategy in emerging economies. GE's CEO, Jeff Immelt, said the firm was looking for investment opportunities in oil, gas, power, transportation and healthcare. GE is the world's biggest infrastructure company, and investment in Kenya will be on these areas. *(DN, 31.01.12)*

Production Costs Still High in Tanzania

An increased production cost in Tanzania is adversely affecting the country's competitiveness in the East African Community (EAC). Producing goods in the country remains a challenge due to the power costs affected on January 15, 2012. The increased electricity tariffs will adversely affect Tanzania's competitiveness. *(BD, 27.01.12)*

Uganda Customs to Lift Tariffs

President Yoweri Museveni instructed Uganda's Customs to remove tariffs and restrictions that Kenyan traders face at the border point in the spirit of the EAC, adding the directive will promote cross-border trade at Malaba and Busia and subsequently earn the two countries additional revenue. "Good neighbourliness is the foundation for a healthy trade. We shall ensure the barriers are removed for trade to thrive," he said.

(kenya2012.blogspot.com, 27.02.12)

Africa's Fund to Set up Investment

South Africa's Government Employees Pension Fund (GEFP) is considering investing around US$22bn outside the country to diversify its risks and some of that may go to African countries and emerging markets. Africa's largest retirement fund, with a portfolio of about US$150bn, traditionally has had most of its investments in South Africa.

(Reuters, 29.03.12)

United Bank of Africa eyes Eurobond

"Nigeria's United Bank of Africa (UBA) is looking to issue a US$550mn Eurobond in the final quarter of 2012 or early 2013 to finance its foreign currency assets and expansion in Africa", Chief Executive Phillips Oduoza said. UBA, one of Nigeria's top banks, issued a US$222mn bond in 2011.

(Reuters, 27.03.12)

ECOWAS Lagging in Integration

Ghana's Vice President John Dramani Mahama urged leaders of the Economic Community of West African States (ECOWAS) sub-region to demonstrate more commitment towards the integration effort in order to make the region globally competitive.

Mahama wants the region's leaders to seriously consider the opportunities that large markets offer, especially as trade progress in the region has been the slowest, estimated to amount to just about 10 percent of total volume.

Mahama said about 80 percent of the region's trade goes to Europe and the US, noting "we effectively export products to which value was added in the West and re-exported to us here in West Africa."

A major hindrance to trade in the sub-region, he noted, has always been the unofficial check-points and barriers that exist on the highways in ECOWAS member countries. *(TAR, 02.03.12)*

SADC Integration: Reality Check

The Southern African Development Community (SADC) Secretariat lacks technical and human resources to drive Southern Africa's multifaceted regional integration agenda to coalesce the 15-member bloc into a single economic and political community.

The Gaborone-based Secretariat also says some targets set in the Regional Indicative Strategic Development Plan (RISDP) are unrealistic and need revision. The RISDP is a 15-year strategic roadmap, the blueprint for SADC's regional integration agenda, as approved by member states.

The Secretariat says members should mobilise resources to address lack of technical expertise. It adds that an independent review of the RISDP should be conducted for a deeper analysis of its performance, challenges and bottlenecks. *(TST, 19.03.12)*

COMESA Warns Zim

The COMESA, the 20-member economic bloc in which Zimbabwe is a member, warned that it would be suicidal for Harare to abandon trade with the EU.

COMESA's Chief Technical Advisor on EPAs for the Eastern and Southern Africa (ESA) region Moses Tekere, said that while it was important for Zimbabwe to widen its scope of international trade by consolidating economic ties with the East, trade with the EU should also be fortified.

Zimbabwe adopted the "Look East" policy in 2003 to spite the West after diplomatic fallout over controversial agrarian reforms, alleged human rights violations and the breakdown of the rule of law. *(TFG, 05.03.12)*

AU Seeks Global Role in 2012

The AU has unveiled an ambitious wish-list of priorities for Africa that would give the continent a stronger global voice, boost democracy and encourage peace and security.

AU Ambassador to the US, Amina Ali of Tanzania, presented the list of top priorities at a conference at a Washington think-tank, the Brookings Institution. Among them were the regulars – peace and security, enhanced democracy and good governance – as well as improved regional trade and greater involvement of the continent's large diaspora in African affairs.

The first priority for Africa was the AU's resolve to review its international partnerships to ensure they bring greater benefits to Africa. *(IRIN, 19.01.12)*

EAC Heads for Common Market

The EAC received a report from experts it had appointed to provide a roadmap for the implementation of a Common Market. The report by Adam Smith International and MA Consulting Group indicate, the final steps that the five members of the EAC need to take to fully integrate their economies into the common market.

The proposed regulations require that cargo clearance arrangements instituted in each of the EAC member states be scrapped and their functions be taken over by a semi-autonomous authority. In effect, proposing job cuts at cargo entry and exit points.

The envisioned single revenue authority will only have offices at the ports of Mombasa, Dar es Salaam and at the international airports. *(TNT, 21.03.12)*

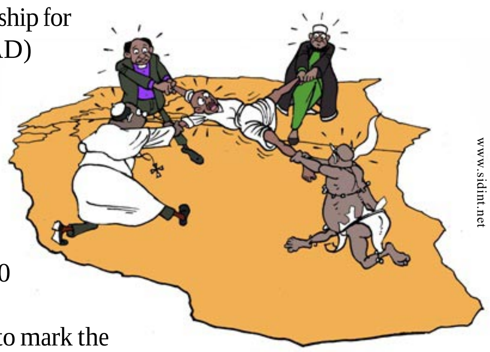
SACU's Industrialisation Plan

The Southern African Customs Union (SACU) is developing a regional framework for cross-border co-operation on industrialisation, which targets eight sectors in which the member countries can cooperate.

Lindiwe Sisulu, Minister of Defence and Military Veterans, who chairs government's international cooperation, trade and security cluster, said these sectors are: clothing and apparel, agro-processing, mineral beneficiation, leather and leather products, automotives components, renewable energy, arts and craft, and support services including infrastructure, transport and logistics and skills development.

She said there was ongoing work to identify sectors that were complementary and to promote value-chains and co-operation among SACU members. *(BuaNews, 27.02.12)*

Promoting Regional Integration



Participants at the New Partnership for Africa's Development (NEPAD) Congress in Addis Ababa, Ethiopia, have called on African countries to accelerate regional integration, technology, economic progress, peace and mobilise local funds to deepen the gains recorded in the past 10 years.

The Congress was organised to mark the 10th anniversary of NEPAD, set up in 2001 as an African home grown blueprint to fight poverty, hunger, accelerate economic development and reduce the marginalization of the continent.

The participants were unanimous that NEPAD had brought about great opportunities for partnerships among Africans and the outside world in health, agriculture, science/technology, good governance and infrastructure development. *(www.panapress.com, 29.03.12)*

Zambia Faces Climate Change Setback

Zambia will lose about US$4.3bn in the next 10 years due to climate change effects in the agriculture sector if no remedial action is taken, Secretary to the Treasury Fredson Yamba observed. He said over the last 30 years, the country had lost an estimated US$13.8bn to climate change in the agriculture sector due to floods, drought and extreme heat.

Yamba said this in Livingstone recently at the meeting of pilot countries under the Pilot Programme for Climate Resilience (PPCR). The PPCR is part of the Strategic Climate Fund within the Climate Investment Funds, whose overall objective is to provide incentives for scaled-up action in national development planning consistent with poverty reduction and sustainable development goals. *(ToZ, 13.03.12)*

Air Nam Goes an Extra Mile

People travelling to Gaborone in Botswana or Harare in Zimbabwe from Windhoek will soon be able to fly there directly. Air Namibia announced three new regional routes that will come into operation on May 15, 2012. The third route is to Ondjiva in Angola.

New routes are part of the national airline's new business strategy for 2011 to 2016 which aims to make Air Namibia profitable in five years' time. One major aim of the new business plan is to improve Air Namibia's operations, to decrease our dependency on government and prove to the Namibian nation that Air Namibia has reason for existing.

One major benefit of the new routes, especially those to Harare and Gaborone, is that passengers travelling from Windhoek no longer have to travel via Johannesburg as is currently the case. *(TN, 16.03.12)*

Enhancing Consumer Rights in Kenya

Article 46 of the Kenyan constitution expressly provides for consumer protection, the law places enormous obligations and responsibility on manufacturers of goods as well as providers of services, both private and public, on consumer protection. The Consumer Protection Bill – currently at the second reading in the Parliament – is a key milestone in liberating Kenyan consumers.

The newly established Competition Authority has exclusive jurisdiction over competition and consumers' welfare matters. The unimplemented Price Control Act is expected to check excesses of price fixing by dominant players in the economy. A lot more is happening to protect consumers, but that is not to say there are no challenges. *(BD, 16.03.12)*

SNIPPETS

Cloud Computing Solution in Schools

Eight secondary schools from Kenya, Tanzania, Uganda and Ghana will benefit from Ericsson's PC as a service solution, which provides schools with low-maintenance, easy-to-use cloud based computer linked to mobile broadband internet networks to aid in learning activities. The deployment is part of the Connect to Learn Initiative in the Millennium Village clusters in these countries. The service uses broadband connection, and allows students to access news, information and latest educational content, as well as interact with fellow students around the world. *(BD, 29.03.12)*

Famine in Somalia is Over

An exceptional harvest after good rains and food deliveries by aid agencies have ended famine in Somalia although conditions remain fragile and could worsen. According to the UN, 750,000 Somalis faced imminent starvation. The fighting in Southern Somalia and attacks on aid workers hampered food deliveries worsening the famine crisis. However, the UN said the latest bumper harvest in Somalia, which was double the average of the past 17 years, will lower food prices and reduce famine-related deaths in Somalia. *(BD, 06.02.12)*

Locusts Cannot thrive on Nitrogen

More than 100,000 Kenyan farmers who have lost tonnes of farm crops have a simple and cheap solution, thanks to a survey that has shown that locusts cannot thrive on plants fertilised with nitrogen. The scientists found in field observations that locusts were less likely to survive in fields that were fertilised with nitrogen, and their density was highest in the most heavily grazed fields, which were dominated by plants with low nitrogen content. Farmers, therefore, do not have to spend fortunes in synthetic fertilisers. *(BD, 07.02.12)*

Kenya Looks at DStv's Dominance

The Kenyan Competition Authority is set to launch investigations into the operations of MultiChoice Africa, the owners of DStv, for abuse of market dominance and establish whether it has unwarranted concentration of economic power that makes it lock the majority of Kenyan consumers into its network, following the collapse of its rivals in Kenya's pay-Tv market. DStv has cemented its dominant position in the pay Tv market for the last two decades. If the Authority establishes that DStv has abused its market dominance, it can compel the company to resell its exclusive rights in premium content. *(BD, 14.02.12)*

Wetlands under Threat

Environmentalists have warned against the uncontrolled usage of swamps is posing a threat to biodiversity in them. Swamps are among a variety of wetlands, which includes estuaries, bogs, tidal marshes and coral reefs that have potential to boost tourism since they are a natural habitat to rare species of birds and animals. Wetlands should be protected in order to provide communities with a source of livelihood. Local communities must be sensitised on the need to nurture wetlands in order to support life, avert water crisis and provide them with revenue from tourism. *(BD, 21.02.12)*

When a Tea Party Style Folly Comes to Nigeria

– Paul Collier*

The experience shows that Nigeria, like the US, has yet to build that critical mass of economic literacy among citizens

Nigeria has been gripped by the power of the street. In response to a government announcement ending the subsidy of petrol there has been a tidal wave of protest and disruption, forcing the government to negotiate with the unions. The new-found power of the Nigerian street is an instance of a global pattern, but the street can dance to many tunes.

In North Africa it has faced down autocracy. In America its anti-government agenda was entirely different: a tax mutiny. Are the demonstrations on Nigeria's streets a variant on the Arab spring or a variant on the Tea Party?

Nigeria is not a repetition of North Africa. Far from an unelected autocracy, the present Nigerian government emerged in April 2011 from the fairest elections in the country's history. But the legacy of past gross abuses of power is that citizens are profoundly suspicious of government. And so a needed reform has ignited protests that resemble the sad folly of the Tea Party.

If ordinary people are sufficiently disbelieving of government, it is entirely possible for populist rhetoric to seduce people into fighting against their own true interest. In the US, despite an extraordinarily low tax burden, dramatically rising inequality and an unsustainable fiscal deficit, poor people demonstrated for tax cuts for the rich.

In Nigeria, despite decades of elite plunder of oil revenues by means of scams such as the petrol subsidy, the poor and the young have turned out to demand its restoration. Convinced government is theft, they cling to the pitiful benefits of a petrol subsidy.

Should the poor have been on the streets? The petrol subsidy was costing US$8bn a year; in other words the average Nigerian household was forfeiting more than US$4.70 a week of public money. Much of this expenditure was captured wholesale and shipped out of the country. Even the petrol that was sold locally at its subsidised price disproportionately benefited the better off.

Should the young have been on the streets? The petrol subsidy was a classic instance of squandering the oil revenues on current consumption. As oil wealth is depleted, the government has a responsibility of custody to the next generation. This is a responsibility that previous Nigerian governments failed to meet. At last a Nigerian government is taking its responsibility to the next generation seriously. Nigeria's youth should have taken to the streets to celebrate this change of policy, not to lobby for a return to the *status quo*.

In attempting to harness the present oil bonanza for development, reformers in the new Nigerian government are trying to avoid a repeat of the history of plunder. There are powerful interests in favour of plunder, including some prominent government officials, which is why repeating history is the default option. But societies can also learn from their history.

Germany is the best-managed economy in Europe because it used to be the worst: from hyperinflation, Germans learnt "never again". Germans are locked into sound decision-making by a combination of legal rules, dedicated institutions and a critical mass of ordinary citizens who understood why the rules and institutions mattered and so defended them.

Nigeria is fighting a more complex dragon than hyperinflation and so the rules and institutions will need to be different. But the current experience has demonstrated that Naigeria, like the US, has yet to build that critical mass of economic literacy among its citizens. The necessary foundation, a burning sense of "never again", is most surely there.

In the US the Tea Party has fizzled: more recently, streets have been claimed by protesters from the other side of the political divide demanding tax increases for the rich, not tax cuts. 'We are the 99 percent' would make as good a slogan in Nigeria as in America, for a protest demanding that oil revenues be spent wisely and transparently.

* *Professor of Economics and Director of the Centre for the Study of African Economies at the University of Oxford. Abridged from an article that appeared in* The Financial Times *on January 16, 2012*

Promoting Agriculture-Climate-Trade Linkages in the EAC

CUTS with support from the Swedish International Development Agency launched the project entitled, 'Promoting Agriculture-Climate-Trade Linkages in the EAC' (PACT EAC) at the Inception Meeting in Arusha, Tanzania on February 23-24, 2012.

Richard Sezibera, EAC Secretary General, said that the commodity price volatility has further impacted on small-scale farmers, consumers, and investors, leaving them with no immediate solutions. He stated that the EAC is going out of its way through multi-sectoral approaches to increase knowledge and devise holistic policies on climate change, food security and trade linkages to enhance capacity.

Jean Claude Nsengiyumva, EAC Deputy Secretary General gave an account of the impressive institutional development of EAC and emphasised on the need for regular interaction among stakeholders for the preparation and implementation of holistic policies related to trade, climate change and food security.

Ramamurti Badrinath, Director CUTS International Geneva, welcomed the participants and outlined the importance of agriculture which provides livelihoods to 80 percent of the EAC population. Yet, about 40 percent of East African are malnourished, a situation that can get worse due to climate change. According to him, PACT EAC project strives to meet this challenge through awareness-raising, inclusive research and training, and multi-stakeholder capacity building.

Musa Sirma, Kenyan Minister for the EAC, urged the PACT EAC project to generate recommendations for realistic and effective policies as well as build the capacity of stakeholders to implement the policies.

The meeting was attended by more than 50 representatives of international and regional organisations such as FAO and the EAC as well as of governments, CSOs, private sector, think tanks and media from Burundi, Kenya, Rwanda, Tanzania and Uganda.

For more details, please visit: www.cuts-geneva.org/pacteac

Role of Trade Unions in Promoting Competition in Zambia

CUTS Lusaka in collaboration with Friedrich Ebert Stiftung (Zambia) conducted a training workshop on Role of Trade Unions in Promoting Competition in Zambia' at Kitwe on February 13, 2012.

The objective of the event was to sensitise trade unions about competition policy and law as well as its enforcement modalities, as a way of building their capacity to levels that would enable them to meaningfully participate in competition enforcement in the country.

The meeting was thus expected to outline the various means through which trade unions can participate in the process of competition enforcement in Zambia.

Participants were also taken through examples to demonstrate how curbing anticompetitive practices would enhance workers' welfare in the country. The programme drew participation from the major trade unions in the province such as the Zambia Union of Industrial and Allied Workers.

For more details, please visit: www.cuts-international.org/ARC/Lusaka/Event-Role_of_Trade_Unions_in_promoting_Competition_in_Zambia.htm

Sources

BD: Business Daily; COMESA: Common Market for Eastern and Southern Africa; DN: Daily Nation; EA: East African; EN: Engineering News; IRIN: The Integrated Regional Information Network; NE: New Era; TAR: The Africa Report; TFG: The Financial Gazette; TL: TimesLive; TN: The Nation; TNB: The News Tribe; TNT: The New Times; ToZ: Times of Zambia; TP: The Post; TST: The Southern Times; ZDM: Zambia Daily Mail

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