Tradequity
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Africa: Forgiven Debt but…

They turned up in numbers – about 225,000 of them. They marched through the streets of Edinburgh demanding that the G8 cancel the developing world's debt. Yet the G8 failed to take cognisance. Only 18 out of 153 developing countries stand to receive anything, leaving more than five billion people living in countries that are mired in debt. Now the World Bank (WB) and the International Monetary Fund (IMF) officials have backed a deal to cancel about US$55bn of debt owed by the world's 18 poorest countries. About 70 percent of the debt is owed to the WB, while the rest is owed to the IMF and the African Development Bank (ADB).

The Poor and the Impoverished

There is no doubt that poverty kills needlessly. Currently, the figure stands at 50,000 deaths a day, according to Kumi Naidoo, South Africa's Chair of the Global Call to Action against Poverty. The G8 debt deal is a crucial step towards meeting the United Nations' Millennium Development Goals (MDGs) of halving the number of people living in extreme poverty by 2015. This means that in the 18 eligible countries, massive transformation for the better is expected in terms of millions going to school for the first time, having access to clean drinking water and health services, and earning decent wages.

However, some equally indebted countries have been left behind. These include Bangladesh, Brazil, Kenya, the Philippines, Sri Lanka, Ecuador, Peru, Haiti, Guatemala, and Indonesia. These will continue 'donating' to the rich countries up to US$120mn every day. What is required is to expand the eligible list from the current 18. It is hoped that 10 more countries could qualify by 2006.

Nevertheless, there are actually more than 40 other countries that need immediate and total cancellation of their external debts and many more that need a substantial reduction in what they are required to pay if they are to eliminate extreme poverty.

What has the G8 done?

The G8 debt deal is the right step in the right direction. At least it recognises debt burden and the need for 100 percent debt cancellation. For the 18 countries that qualify, this will make a huge difference. But for the 40 countries that need debt cancellation, this is of no immediate benefit. The deal covers only about 10 percent of what should be cancelled for them.

When it came to trade, the G8 remained mute. The US refused to jump before they were pushed. The European Union (EU) wants to retain the farm subsidies as a bargaining chip when it comes to Economic Partnership Agreements (EPAs). The aid package of US$50bn has also been delayed in delivery for about five years, while the HIV/AIDS policy was agreed for universal treatment by 2010. The Commission for Africa report recommended up to US$75bn in aid by 2015. However, current pledges for the year 2005 are behind by US$700mn. Meanwhile, 2006 will require up to US$7bn above what is currently pledged for 2005.

African, Caribbean and Pacific (ACP) governments need to study the Commission for Africa report carefully, because it has recommended an end to reciprocity, to stop pushing EPAs for further liberalisation in Africa and to stop subsidising EU farmers which encourages 'dumping' on African markets.

The Creditors

Creditors carelessly lent loans to unscrupulous dictators and despotic political regimes that were sometimes stolen, often wasted, but rarely used for the benefit of their people. That is how these 'odious debts' are incurred. Those that let out the money should bear as much responsibility as those who borrowed. The initial funds borrowed have already been paid many times over. But could the G8 accept this truth?

Then there is the problem of double counting the new debt relief as aid. This means the earlier pledge of 0.7 percent of gross domestic product (GDP) of rich countries will have already been paid, with very little benefit accruing to poor countries. This is contrary to the Monterrey Consensus, 2002, which envisaged that debt relief should be done from 'additional resources'.

Attitudinal Change

Citizen's interests should come first. Until such a process is set up, countries need to adopt different approaches, such as to emphasise the injustice of debt when dealing with creditors, being more assertive in their negotiations and reducing their reliance on loans.

Conclusion

All that Africa has always been given is partial relief on all issues: trade, aid, HIV/AIDs, debt, etc. While the Commission for Africa report recommended a 100 percent debt cancellation and a reduction in conditions attached to aid for all sub-Saharan Africa (SSA), the actual practice is a half empty glass of debt, aid and trade conditions.

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CUTS International
CUTS Africa
Email: lusaka@cuts.org (Lusaka)
Email: nairobi@cuts.org (Nairobi)
Website: www.cuts-international.org

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FDI Leads to Inflow or Outflow ?

Tanzania has experienced a boom in foreign direct investment (FDI) but has little to show for it in terms of benefits to the local population. In its September 2005 report entitled 'Economic Development in Africa: Rethinking the Role of Foreign Direct Investments', the United Nations Conference on Trade and Development (UNCTAD) cites Tanzania and Ghana as examples of countries, which have pushed for FDI. Much of this is in the mining sector, which pays only 3 percent royalty, generates low tax revenues and carries high environmental and social costs. Between 1997 and 2002, six major mining companies earned export revenues of about US$890mn of which Tanzania received about 10 percent.

Another study entitled, 'The Role of FDI in Africa's Human Development', argues that instead of capital flowing into Africa, there is a massive capital outflow through profits and dividends. This is going to foreign investors, loan repayments, management and consulting fees and loss of export revenue on account of protectionism in industrialised countries.

(TEA, 29.09.05)

Slow Business Reforms in Africa

African bureaucracies are the slowest and costliest to negotiate when investing in a new business, said the report 'Doing Business in 2006: Creating Jobs' co-sponsored by the WB and the International Finance Corporation (IFC). However, 99 of the 155 countries surveyed introduced 185 changes for facilitating business in 2004.

European states were the most pro-active, whereas African countries are lagging behind. Among the biggest reformers, Rwanda was placed at the top while Mauritius has also changed its policies in several areas and was noted for its business-friendly conditions.

South Africa was rated the best at 27 while Zambia was one of top five in Africa at 67 beating Kenya at 68. Yet, for every three African countries that improved business regulations, one made them more costly. *(BR, 16.09.05 & TN, 14.09.05)*

Kenya Slipping

The United Nations (UN) annual global Human Development Index (HDI) Report, which includes the Development Programme's HDI released in September 2005 shows that Kenya has slipped 20 positions in the last three years to 154 out of 177 while its neighbour Uganda was rated 144 and Tanzania 164.

Speaking during the launch of the report, Kenya's Planning Minister, Anyang' Nyong'o, said that poor leadership over the last twenty-five years was responsible for Kenya's poor performance. He pinpointed the cost of doing business in the country, the need to add value before exporting products, poor infrastructure, and corrupt business environment as main problem areas exacerbated by poor governance.

(TN, 12.09.05)

MDGs Missing Targets

The UN annual global Human Development Report (HDR), which includes the Development Programme's HDI for the Southern African Development Community (SADC), released in September 2005 revealed that the number of countries in Africa with a lower index reading has doubled since the 1980s. Report co-writer and statistician, Claes Johannson, said that the MDGs were 'off track by more than a generation'. Some of the set objectives were unlikely to be reached by 2115, let alone 2015.

The UN Development Programme's resident representative in South Africa, Scholastica Sylvan Kimaryo, warned that without 'the investment of political will and capital', there is no hope of achieving the goals. Kimaryo pointed out that Mozambique, Ghana and Tanzania showed that with the right policy environment, rapid human development could take place. However, trade, as demonstrated by India and China, could uplift the poverty-stricken countries but not if rich countries spend US$1bn a day financing farm subsidy programmes that undermine developing country agriculture. *(DD, 09.09.05)*

Equal Opportunity

Providing equal opportunity to people leads to greater and more productive investment, which in turn leads to faster growth, said the World Development Report (WDR) 2006, entitled, 'Equity and Development', which was published in September 2005. The report points out that countries most in need of development are the ones, which display extreme socio-economic inequalities. On the other hand, policies to provide more equality have been formulated in South Africa, such as black economic-empowerment and employment equity.

Moreover, equal opportunity must be seen in a more holistic way to incorporate equal access to healthcare, education, capital, secure land rights, justice systems, political freedom and infrastructure, the report added. According to the report, such policies will lead to increased economic efficiency. An example of a pro-equity policy change is land reform. For example, in Kenya and Zimbabwe, poor people pay much higher interest rates on loans to acquire land, than the rich.

(CMW, 23.09.05)

Steady Progress for Africa

Africa is slowly and steadily improving its position despite the crisis in Darfur in Sudan and Cote d'Ivoire. Most of Africa is slowly resolving conflict, recording higher growth rates, reducing inflation rates, increasing investment and fighting corruption and promoting transparency. This view was expressed by Nigeria's Professor Ibrahim Agboola Gambari who spoke at his first press conference after assuming office as the Head of the UN Department of Political Affairs. He further said that Africa would rise to the challenge of reaching consensus over who was to represent the continent on the expanded UN Security Council.

Gambari, however, sees Africa's development as being dependent on aid, trade and debt relief, and unless the approach towards Africa was comprehensive, he feels it is unlikely to succeed. *(GN, 18.07.05)*

EAC in Illegal Trade

At a conference organised at Entebbe, Uganda, by the Association of Law Reform Agencies in Eastern and Southern Africa (ALRAESA), delegates were informed that East African Community (EAC) countries earn US$20bn annually from illegal trade in narcotics. The information came from Charles Gerodema, a crime lawyer from Cape Town, South Africa who presented a paper on transnational organised crime.

He cited corruption as a significant source of illegally earned wealth in Kenya, Tanzania and Uganda saying that gems and tanzanite are smuggled from Tanzania to Germany, India and the US. In 1999 and 2000, Germany recorded imports of gems from Tanzania worth US$300mn and the US imported US$328mn worth of tanzanite. Yet, Tanzanian official figures recorded tanzanite exports of only US$31mn. Goods are regularly imported into Kenya or Tanzania free of duty on the pretext that they are destined for land-locked Uganda, Rwanda, Burundi and Zambia. Consignments are then diverted to the local market. *(TNV, 19.09.05)*

Trade Blocs Counter-Productive

In his article carried in 'The Nation' Alfred K'ombudo, an economist, discussed Kenya's membership of the Common Market for Eastern and Southern Africa (COMESA), EAC, Inter-governmental Authority on Development (IGAD), a pooling of East and Horn of Africa countries, and of the East African Customs Union (EACU), and asked if this plethora of memberships is really necessary.

He argued that multiple memberships mean multiple expenses and that the Kenyan taxpayer has to pay for different bodies to duplicate similar efforts. He cited ministerial meetings, technical expert meetings, and country contributions for operational costs, which all drain the exchequer. In addition, different policy decisions can be contradictory and their application can lead to procedures that undermine one another. He concluded that multiple memberships complicate, rather than simplify trade. *(TN, 21.07.05)*

COMESA vs SADC

There have been complaints that COMESA is failing to ensure that all its members open up their markets under the Free Trade Area (FTA) initiated five years ago – something that adversely affects six SADC countries, which form part of COMESA. If COMESA disbands, the repercussions will be widespread. In terms of membership and market size, COMESA is larger than SADC and offers a market double the size to that of SADC. A loss of market is likely to cause inflation and budget deficits.

Rumour has it that COMESA's influence is waning. Lesotho, Namibia and Swaziland are tagging their national currencies in a one-to-one exchange rate with the rand. Mozambique and Tanzania have shifted allegiance to SADC. Uganda sought SADC membership over five years ago, a move that showed lack of confidence in COMESA. South Africa aligned itself with Botswana when it refused to join COMESA in 1994. SADC's advantage is that it offers countries access to South Africa, the region's largest economy and economic driver. *(ST, 24.08.05)*

Training for Export Skills

The Netherland's government, through its Centre for Promotion of Imports from the developing countries, is assisting Kenya, Tanzania and Uganda in the training of export consultants. The programme, which started in February 2005, is to run over three years. The first batch of trainees graduated in Arusha, Tanzania on September 9, 2005. The trainees were sponsored by trade promotion organisations (TPOs) in their respective countries. Board of External Trade (BET) Acting Director General, Kusiriel Mwasha, said that the courses aim to provide 'international export skills'.

The training goals are to inculcate an export culture within the business community, to strengthen cooperation among the export trade facilitating institutions, and to improve information and communication technology systems in export trade support institutions. The programme involves four weeks at different centres: Nairobi, the Netherlands, Kampala and Arusha, over a period of approximately six months, and aims to produce 30 graduates from each of the EAC countries. *(TM, 14.09.05)*

EACU Faces Teething Problems

The EACU, which was established at the beginning of 2005, has shown major problems hampering implementation. At a meeting called to assess how it is progressing, permanent secretaries and ministers of finance, trade and regional cooperation, as well as members of the East African Legislative Assembly (EALA) discovered that Value added Tax (VAT) rates and excise duties have not been harmonised yet. This defeats the purpose of a common external tariff, as VAT and excise duties are levied on imports.

Whereas tariffs have been removed, non-tariff barriers (NTBs), such as surcharges and restriction on movement by traders, have been introduced by some states. The problems might have arisen due to a lack of sensitisation and education prior to the establishment of the EACU as well as absence of forward planning by governments. Despite the confusion, a council of ministers meeting was convened as late as five months after the inauguration to solve what were described as 'teething problems'. *(TEA, 23.08.05)*

Slow in Ratifying Trade Deals

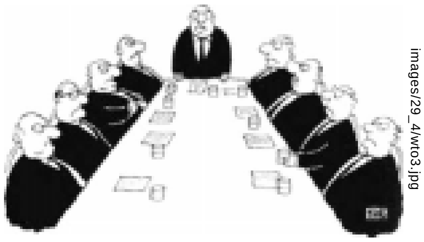
Bureaucratic delays have prevented South Africa (SA) from exporting to the 10 new states that joined the EU in May 2005. According to the SA-EU free trade agreement, minimal or zero export duties should apply in the reciprocal business deals. Instead, export duties of up to 20 percent are levied on exports to the 10 new member states. Once the SA Parliament ratifies the protocol, which was only drafted in June 2005, it would be implemented retrospectively from May 2004, which means that exporters will be refunded for the duties they paid.

http://www.plasticsnews.com

A similar case of bureaucratic delay can be seen in the preferential trade deal negotiated between SA and its customs union partners in the Southern African Customs Union (SACU) with the Latin American trade bloc Mercosur in December 2004. That also has to be ratified by the governments of SA, Namibia, Botswana, Lesotho and Swaziland and it is more than six months after it was concluded. *(BD, 22.07.05)*

African CSOs' Declaration

Several African civil society organisations (CSOs) adopted a statement declaring their beliefs and demands at a Doha Round negotiations strategy meeting in Accra, Ghana on August 16-19, 2005. The 'Declaration' of African CSOs targets African and other government officials preparing for the December World Trade Organisation (WTO) Ministerial Conference in Hong Kong.



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The signatories contend that in the run-up to the summit, African developing countries will come under intense pressure to undertake further and deeper liberalisation commitments in their industrial, agricultural and services sectors. This, they argue, would undermine their right to determine and implement development policies aimed at safeguarding the social and human rights and livelihoods of Africans.

The 'Declaration' also laments the lack of progress on issues pertaining to Africa's development concerns in the Doha Round negotiations so far, and urges African governments to ensure that their mandates in Hong Kong are guided by debates at the national level. *(TWN, 25.08.05 & BW, 07.09.05)*

African Trade: Low and Static

Trade within Africa is low and static due to the failure of African countries to diversify their economies, writes Claire Bisseker, Financial Mail correspondent. Most African countries depend on exports of primary commodities to the industrialised world. According to a 2004 SADC business climate survey, among manufacturing firms, the most important obstacles in descending order of severity, are exchange rate fluctuations; crime, theft and corruption; customs regulations and red tape; lack of market information; economic and regulatory policy uncertainty; unreliable transportation; and trade tariffs and customs charges.

SADC's trade protocol, published on September 1, 2000, stated that 85 percent of all intra-SADC trade should have zero tariffs by 2008 and the remaining should be liberalised by 2012. This would result in a FTA for the region. Paul Kalenga of The Trade Law Centre for Southern Africa (TRALAC), said that the deadlines are likely to be missed as both the design and the implementation of the trade protocol have critical weaknesses. *(FM, 16.08.05)*

Benefits from Exports Subsidies

Jurgen Hoffmann, a senior Trade Adviser of the Agricultural Trade Forum in Namibia, maintains that while poor countries are asking for the removal of export subsidies in developed countries, countries like Namibia are also benefiting indirectly from these subsidies. For example, Namibians buy bread at a price that is 28 percent cheaper than South Africans because the US and European countries from which it imports wheat, subsidise their farmers.

On the other hand, both Namibia and Ireland export beef to South Africa, but Ireland subsidises its farmers, making Irish beef cheaper than that from Namibia. Dr Edwini Kessie, a member of the Council and Trade Negotiation Committee at the WTO, said that the developing countries are targeting tariff peaks and tariff escalation, NTBs, and development-friendly policies, which would allow more equitable market access. *(NE, 12.08.05)*

Trade Agenda for Hong Kong

During the WTO Cotton sub-Committee's fifth meeting on July 18, 2005, African countries expressed disappointment at other Members' lack of formal reaction to its proposal for major reforms in cotton trade. As during the previous meeting, they warned that African cotton producing countries would ensure that the issue does not go overlooked at the Hong Kong Ministerial Conference in December. They also called for the upcoming text on 'July approximations' of an eventual Hong Kong Ministerial deal to include greater detail on the treatment of cotton than what was present in the 2004 'July Package'. *(BW, 20.07.05)*

You Gain, We Lose

Zambian Minister of Commerce, Trade and Industry, Dipak Patel, at the launch meeting of the simplified Cotonou Trade Manual in July 2005, observed that while trade agreements and trade facilitation were essential for any country's economy, it was also important to be aware of the implications of such agreements. Patel expressed his reservations concerning the proposed Economic Partnership Agreement (EPA) between the EU and Zambia, as it currently stands, and asked the EU to simplify its conditions. Practically, reciprocity was not feasible for Zambia and many other African countries.

Patel said that the EU stood to gain about US$42mn, according to the current proposal, while Zambia stood to lose almost US$15mn. This could not be regarded as equitable, as African countries had been waiting 15 years for fair trade and trade justice. Promises were given but they remain empty promises unless they are implemented. He warned against potential damage to Zambia. *(TP, 14.07.05)*

Namibia Faces Trade Abuse

In 2001, a Malaysia-based company, Ramatex, started operations in Namibia with a view to encash benefit from the Africa Growth and Opportunity Act (AGOA), which granted duty-free access to the US market for companies that produce in African countries. On December 31, 2004, the WTO's Agreement on Textiles and Clothing (ATC) came to an end and Chinese textiles began flooding global markets. This led to severe implications for Africa's textile industry.

Rhino Garments, a subsidiary of Ramatex, has retrenched about 1600 workers in Namibia in 2005, claiming that this was due to a lack of orders from its customers in the US. Herbert Jauch of the Labour Resource and Research Institute (LaRRI), examines why Rhino Garments closed down and why Namibia's costs are likely to outweigh the benefits it derived from Ramatex. He describes Ramatex's investments as 'not designed to assist Namibia's industrialisation efforts'. He comments that transnationals are 'blackmailing' vulnerable states for concessions in return for promised investment and jobs. *(TN, 11.08.05)*

China-SA Trade Booming

Trade between China and Africa is booming, according to Conrad Hendry, Hong Kong trade development manager for SSA. Purchases favoured by South African buyers include textiles & clothing (T&C), machinery and electronic goods. Hendry said that buyers visited all year, not just during the Hong Kong trade fairs of April and October.

Dominic Perret, Cathay Pacific Airways' manager in Southern Africa, corroborated that passenger numbers between Johannesburg and Hong Kong had doubled. Most passengers are on business trips but increasing numbers can be attributed to resident Chinese in SA going home for family visits, and growing tourism from China. Cathay and SAA fly the route daily. Hendry said that the low prices of Chinese exports are due to the yuan being undervalued by about 40 percent. Low labour costs and pricing strategies that are different from those in South Africa *vis-à-vis* state-owned Chinese manufacturing companies, which are not required to make a profit, as their main purpose is to provide employment.

(BR, 29.07.05)

Grape Industry in Crisis

According to the South African Table Grape Industry, 65 percent of the country's grape producers are operating at a loss. Many producers rely either on bank loans or credit from their exporters. Approximately one in five grape farmers in the Orange River region of the Northern Cape has gone bankrupt.

Others might follow if the price cut continues. Gerhard Oosthuizen, a farmer in the Orange River area, has a family farm, which has been operating since 1920, attributes his recently declared bankruptcy to the UK supermarkets price wars.

(BBCCA, 19.08.05)

Agriculture World Trade Falls

The share of agriculture and primary commodities in the value of world trade has steadily fallen by 5 percent; this is according to the United Nations Development Programme (UNDP) HDR 2005. Because of this most African economies, which depend on exports in mainly agricultural products and primary commodities to the world market will experience a decline in the revenues from exports. This effect is expected to negatively challenge Africa's quest to poverty reduction through the attainment of the MDGs. In order for Africa to overcome the negative challenges, countries will need to make a rapid shift from exporting primary products to manufactured goods to avoid losing out in the international trade. The sub-Saharan African countries depend heavily on a narrow range of commodities for which world prices have been declining steeply. Between 1997 and 2001, the combined price index for all commodities fell by 53 percent in real terms.

(TM, 12.09.05)

Technology Threatens Trade

Following new developments in Agriculture technology, the latest innovations the genetically modified organisms (GMOs) have brought a lot of controversy dividing the consumers, producers, importers and exporters. While GMOs may increase production and ensure food security, the SA meat and dairy producers risk losing European export markets if they feed their livestock on genetically modified crops. "There is a massive rejection of genetically modified ingredients in human food in Europe, and growing demand that animals are fed on conventional crops", said Jeffrey Smith, US author of Seeds of Deception.

The strengthening of labelling laws means the market for genetically modified (GM) crops worldwide is decreasing. To invest in it now could be a financial, health and environmental disaster. The EU required animal and human food to be labelled if it contained more than 0.9 percent genetically modified ingredients, but a legal loophole meant products derived from animals fed on genetically modified crops did not require labels.

(BD, 20.09.05)

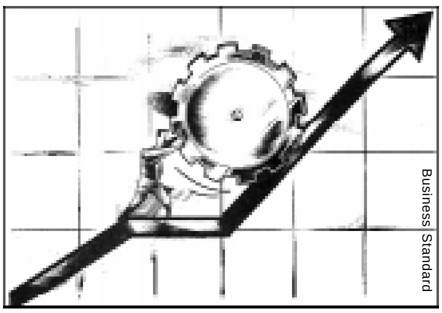
Fair Trade for Africa

Noting the shared commitment of the UN and the Congressional Black Caucus to championing Africa's rights, UN Secretary-General, Kofi Annan asked the group to redouble its efforts to secure fair terms of trade for the continent by focusing on the WTO Ministerial Meeting in December 2005.

During a forum called 'Africa Matters' during the 35th Annual Legislative Conference of the Caucus in Washington, he said, "I thank you for your efforts, especially in calling for an end to agricultural subsidies and trade barriers that actually impoverish African farmers and producers. But I think you will agree that we still need to do more, especially when it comes to trade". In that regard, the target had to be the WTO's Doha Round of trade talks in Hong Kong in December, Annan added. "You can count on me to raise my voice for an outcome that helps developing countries participate fully and fairly in the global economy. I will count on you to raise yours".

(UNNS, 23.09.05)

Removing Barriers to Enhance Trade



Greg Mills, Director of the Brenthurst Foundation, writes that African interregional trade remains low by international standards: interregional trade in East Asia and the Pacific region is 26.5 percent of GDP while in Africa it is 5.3 percent. The suggested remedy is: Africa must remove its internal trade barriers; facilitate trade as part of its national development strategy; and reduce NTBs. Mills argued that trade integration initiatives are a means to ensure harmonisation of industrial and economic policy beyond tariffs.

Botswana, which has maintained nearly 8 percent annual per capita income growth for more than 30 years since 1965, achieved sustained development through institution building. Two characteristics feature in this growth: public-private partnership as a signal of the commitment to the protection of investor rights (in this case through Debswana), and resource endowments. Reform in Botswana was also characterised by a comparatively efficient, meritocratic bureaucracy, fiscal discipline and political stability.

(BD, 05.08.05)

Feeding GM Food

Joel Cohen, a senior researcher at the International Food Policy Research Institute (IFPRI), Washington, US, said that removing regulatory and legal hurdles to GM food and research would help Africa to feed its people and protect the environment. "Most African countries, like many other poor countries cannot advance GM crop research because their national policies or regulatory systems are not prepared to deal with safety requirements for approving general use", Cohen said.

http://www.cartoonstock.com

The IFPR released a new study in Nairobi, in which 20 different crops in four African countries were researched – Egypt, Kenya, South Africa and Zimbabwe – and it was shown that easing regulations would improve the plants' resistance to disease and pests as well as boost food production. None of the four countries surveyed in the study have approved biotech crops for commercial release and only two, Egypt and South Africa, currently have the capacity and resources to advance GM research, the study said. *(MAG, 19.07.05)*

Stop Buying to End Killing

Endangered wildlife, including gorillas and chimps are being traded illegally on the Internet. It is a lucrative trade that conservationists fear is driving the world's endangered species to the brink of extinction. This is according to the report entitled, 'Caught in the web: wildlife trade on the Internet' by the International Fund for Animal Welfare (IFAW).

The introduction of technology (e-commerce) has come with a lot of advantages and reduced the time in international business, however, there is a lack of mechanisms for monitoring, evaluation and control to deal with the trend. IFAW found some of the world's most endangered species advertised online and almost all of them traded illegally. Exotic pets, including a live gorilla for sale in London, a Siberian tiger and four baby chimps on US web sites were found. A concern has been raised that trade in wildlife is driven by consumer demand, so when the buying stops, the killing will too. *(NV, 23.08.05)*

TB Epidemic in Africa

The World Health Organisation (WHO) regional committee for Africa held its summit meeting in Maputo, Mozambique, in August 2005 calling for 'urgent and extraordinary actions' to halt the worsening epidemic of tuberculosis (TB). The Stop TB Partnership is working in conjunction with the WB to compile an impact-assessment study of the disease in the region whose findings are due to be released at the end of 2005. The WHO and the Stop TB Partnership are calling for US$2.2bn in new funding for TB control in Africa in 2006-07, but this is infinitesimal in the face of the US$13bn requirement.

According to Dr Marcos Espinal, Executive Secretary of the Stop TB Partnership, TB is costing Africa upto US$126bn a year. Half-a-million people in Africa die yearly of TB. The WHO estimates that TB affects 2.4 million people and only a few receive treatment. New TB cases in Africa have quadrupled since 1990 and the current rate of infection is rising at 5 percent a year. *(BD, 30.08.05)*

Oil Producing Trees

The Agro Forest Bio Energy Association (AFBEA) is initiating a plan to establish an oil-tree industry in South Africa. Four trees – the *jat-ropha curcas* (physic nut), the *moringa oleifera* (miracle tree), the *ximenia caffra* (large sour plum) and the *pappea capensis* (jacket plum) – survive in arid regions by storing energy in the form of oil in their seeds. The oil extracted from the seeds of a hectare of trees can produce 1, 560 litres of bio-diesel a year. Rising oil prices and fears of growing scarcity of oil resources make the concept very attractive.

The industry could be lucrative and supply the country with its own fuel supplies. Other advantages are that the trees could supply wood for biogas reactors as well as material for the manufacture of briquettes for burning. If the large-scale planting of trees is done correctly, farmers could earn hard cash under the carbon-credit scheme of the Kyoto Protocol. This is a legally-binding international agreement to reduce the emissions of greenhouse gases to below 1990 levels. *(EN, 29.08.05)*

Food Crisis in Africa

About 10 million people in Southern Africa face severe food shortages brought on by drought and HIV/AIDS because rich countries are failing to heed the lessons of Niger's crisis, Oxfam GB has warned. An estimated 4 million persons each in Malawi and Zimbabwe, 1 million in Zambia, 400, 000 in Mozambique, 500,000 in Lesotho and 200,000 in Swaziland will not have enough food over next six months. The UN has also issued similar warnings about Niger and its neighbours.

"If rich countries wait, people in Southern Africa will pay the price of their neglect", Oxfams' coordinator said. *(TH, 09.09.05)*

Tanzanian Coffee Consumers

A recent research finding indicated that the majority of consumers of Tanzanian coffee are foreigners, unlike Ethiopia, where locals consume 50 percent of the nation's coffee. Tanzania's local coffee consumption rate is estimated at 10 percent of total production. This has prompted Tanganyika Instant Coffee Co Ltd (TANICA), to introduce a 1.6 gm sachet (25 sachets per packet) to inculcate a coffee-drinking culture amongst ordinary Tanzanians.

http://coffeeandcoffeestuff.com

"We have specifically changed our system of packaging and lowered the prices, so that our product is widely consumed", said Christopher Kikoti, TANICA's Operations Manager. TANICA exports most of its products to Europe, North America, the Far East, and Australia, and sells to major packaging firms using their trademarks. Its coffee is popular because there are no additives and it has a rich aroma. The Tanganyika Instant Coffee Factory was built in 1966, and became operational in 1967. *(FT, 04.08.05)*

Linkages between Trade, Development and Poverty Reduction

CUTS-Africa Resource Centre (CUTS-ARC) and Organisation Development and Community Management Trust, Zambia, organised a launch workshop on 'Linkages between Trade, Development and Poverty Reduction Project' in Lusaka, Zambia, on August 30, 2005. The objectives of the project were to facilitate cross-fertilisation of experiences and lessons learnt on linkages between trade, development and poverty reduction in the developing countries, so as to develop appropriate policy responses, and to help strengthen the ability of developing countries through the provision of policy support. It also includes other know-how and do-how on trade and development issues, and to defend their viewpoints and negotiating and advocacy positions on issues of concern.

In his opening remarks, the Permanent Secretary of the Ministry of Commerce Trade and Industry, Davidson Chilipamushi expressed happiness that Zambia was one of the countries chosen for the four-year project being implemented in selected 15 countries of Africa, Asia and Europe in a partnership mode. He said that it was not easy to eliminate foreign dependency by Zambia when about 50 percent of the budget was funded externally. He said while the government could introduce a Citizen's Empowerment Act, it is necessary that the private sector specifies what exactly they would like government to empower them with because poverty elimination is a collective responsibility. He urged the private sector to educate themselves in improving their product quality and packaging. He also announced the government approval of the Consumer Protection Act, which will be housed by the Zambia Competition Commission, so that the consumer is not subjected to sub-substandard goods and services.

Presenting a keynote speech, Professor Venkatesh Seshamani from the University of Zambia pointed out that advocating for wealth creation rather than poverty reduction as the main goal to work for runs the risk of misplaced emphasis because poverty reduction and the improvement in the human condition is the ultimate objective, not wealth creation.

CUTS Centre for International Trade, Economics and Environment (CUTS-CITEE), Jaipur is implementing this project over a period of four years (January 2005 to December 2008). This project will manifest the policy relevance of international trade on poverty reduction and thus, help in articulating policy coherence (in particular between the international trading system and national development strategies). International trade has a major role to play to achieve the MDGs and reduce absolute poverty by half, by the year 2015.

Civil Society Meeting

Zambian CSOs met in Lusaka to discuss the released draft of the Zambia the New Partnership for Africa's Development (NEPAD) Action Plan on July 29, 2005. The meeting, which was organised by CUTS-ARC, was a follow-up to the two NEPAD meetings held on September 10-11, 2004 at Livingstone, and June 8-9, 2005, at Lusaka.

The CSOs adopted a statement in which they rallied around CUTS-ARC contribute/cooperate in working out a roadmap for a rich National Action Plan on NEPAD in Zambia. The Statement provided sector specific recommendations including the following:

- Zambia National Action Plan (ZNAP) must be able to address issues affecting the privates sector, such as designing a programme to support SMEs, and address critically the issue of micro finance;
- ZNAP must address the current problems and adopt suggested initiative, such as the proposed National Strategic Fuel Reserve;
- ZNAP should come up with concrete proposals for action on the very important aspect of boarder delays and; and
- To outline measures on issues affecting women, such as inability by women to access markets, input, loans and land.

The CSOs also recommended that they be a part of the national implementation strategy through the National Steering Committee and the national Secretariat playing different but complementary roles.

Investment Policy Review of Zambia

The UNCTAD, in conjunction with the Ministry of Commerce, Trade and Industry (MCTI) and CUTS-ARC hosted a national launch meeting of the Investment Policy Review of Zambia on August 22, 2005 at Lusaka, Zambia. The objectives of workshop were to provide a comprehensive review of the policies, legal, regulatory and operational framework that have a bearing on the investment climate in Zambia. The information and policy recommendations could serve as a useful basis for further improving the investment climate and ultimately increasing investment flows into the country.

Delivering his keynote address, Honourable Minister of Commerce, Trade and Industry Dipak Patel, admitted that privatisation has de-industrialised Zambia, and the failure could have been due to the privatisation programmes' implementation process, which was hastily implemented because in the early 1990s, Zambia was under pressure to liberalise the economy.

Speaking during the launch workshop, Taffere Tesfachew, UNCTAD Chief, Policy Review Section, Division on Investment, Technology and Enterprise Development urged the government to work at strengthening the domestic private sector for Zambia to enhance her benefits from FDI. He said that worldwide it has been established that a dynamic and vibrant domestic private sector was a critical incentive to attract FDI because it opened opportunities for partnerships between foreign and local investors.

The Investment Policy Review (IPR) of Zambia contains a comprehensive review of the policies, regulatory and operational framework that have a bearing on the investment climate in Zambia, which could serve as a useful basis for further improving the investment climate and ultimately increasing investment flows into the country.

Seminars/Workshops

National Consultative Workshop on NEPAD Agriculture Programme

In a series of workshops under the Information-Based Advocacy, Networking and Capacity Building on NEPAD in Zambia Project, Participatory Ecological Land Use Management (PELUM) Association Zambia in collaboration with CUTS-ARC will be hosting this workshop on November 29-30, 2005, as an effort of seeking to address small-scale farmers concerns under NEPAD. Some of the objectives of this workshop include building capacity for small-scale farmers to understand the NEPAD agricultural programmes as well as to identify opportunities and priorities for small scale farmers under NEPAD. For further information please contact: *pelum@zamnet.zm/ coordinator@pelum-zambia.net*

NEPAD Action Plan Formulation Consultative Workshop

The Economic Association of Zambia (EAZ) in collaboration with CUTS-ARC will be holding a two-day consultative meeting starting on December 15, 2005. The aim of this workshop is to build capacity among stakeholders in the understanding of the NEPAD and developing possible programmes under NEPAD in Agriculture, Education, Health, Energy, Water and Sanitation, Industry and Trade, Mining and Technology. This workshop will also act as a platform for engaging the Zambian people into the NEPAD process; enhance the skills necessary for effective NEPAD debate, monitoring and evaluation. This will foster the promotion of a popularly owned Zambian NEPAD Action Plan (ZNAP).

PUBLICATIONS

PRSP and HIPC Completion Point: Unravelling Zambian Experience

Poverty reduction and economic growth through debt relief is the core of the Heavily Indebted Poor Countries (HIPC) Initiative. It is a framework for debt relief to the world's poorest and highly indebted countries, with the objective of enhancing economic growth and reducing poverty. After assessing the progress made in meeting the criteria for debt relief, the IMF and the WB formally decide on a country's eligibility and the international community commits itself to reducing debt to sustainable levels.

Zambia is one of the countries that accessed this programme and is one of the 18 countries eligible for debt cancellation under the G8 plan. Why should debt relief have come sooner than after so many Zambians started wallowing in poverty? This policy brief explains the long race for total debt cancellation for this African Country.

REGULETTER

Volume 6, Issue 2/2005

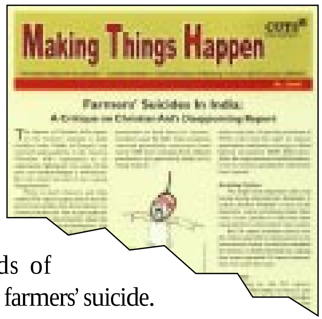

ReguLetter
Domestic Regulation and GATS: Greater Awareness and Capacity Called for

ReguLetter is the flagship newsletter of CUTS Centre for Competition, Investment & Economic Regulation (CUTS-CCIER), which reports and analyses competition-related issues from around the world. The latest issue discusses the inter-linkages between domestic regulation for a developing country and the General Agreement on Trade in Services (GATS) commitments.

Zooming out geographically, a look at regional competition policy, in the 'Perspective' section, yields new insights into their essential dependence on the civil society for formulation and implementation. *Suggested Contribution: $30/Rs. 150 p.a.*

Making Things Happen

No. 3/2005


Making Things Happen
Farmers' Suicides in India: A Critique on Christian Aid's Disappointing Report

This issue of the newsletter of CUTS-CITEE on 'Grassroots Reachout & Networking in India on Trade & Economics (GRANITE)' presents a comprehensive review on the Christian Aid's Report, India: Fields of Despair, which focuses on the farmers' suicide. The review article analyses the report critically and points out flaws, which has missed some vital issues while detailing farmer's suicide.

It has a special two-page 'Insert' covering the activities conducted by the GRANITE project partners under the project.

Sources

BBCCA: British Broadcasting Corporation Consumer Affairs, **BR:** Business Report, **BD:** Business Day, **BW:** Bridges Weekly, **CMW:** Creamer's Mining Weekly, **DD:** Daily Despatch, **EN:** Engineering News, **FM:** Financial Mail, **FT:** Financial Times, **GN:** Guardian News, **MAG:** Mail and Guardian, **NV:** New Vision, **NE:** New Era, **ST:** Southern Times, **TEA:** The East African, **TH:** The Hindu, **TM:** The Monitor, **TN:** The Nation, **TNV:** The new Vision, **TN:** The Namibian, **TP:** The Post, **TWN:** Third World Network, **UNNS:** UN News Service

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