Tradequity
A Newsletter of CUTS Africa
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Diagnostic Trade Integrated Studies and their subsequent reviews welcome

Zambia as a uniquely endowed sub-Saharan African country possesses immense economic potential to participate in trade at a much higher level than it is currently doing. With plentiful water sources and rainfall for agriculture, vast mineral resources and abundance of labour, the nation has always had the opportunity to address the prevailing poverty through production of competitive goods and services for trade in the region and elsewhere around the globe. This potential has remained largely untapped.

Zambia has undoubtedly made strides towards improving its trade performance over the decades. However, in order to fully take advantage of existing opportunities, Zambia must have clearly identified its trade needs and constraints while highlighting possible solutions and developing a roadmap towards their implementation.

This approach was first used by Zambia through the Enhanced Integrated Framework (EIF) which is an Aid for Trade (AfT) programme aimed at assisting least developed countries (LDCs) better participate in the international trading system. The EIF was instituted following the Ministerial conference of the WTO in Singapore in 1996 as the Integrated Framework (IF) in 1997.

The programme was revamped in 2001 and subsequently reviewed in 2005. In line with the Brussels Plan of Action for the LDCs, significant work was undertaken to create a more results focused, accountable and responsive EIF programme functioning in line with the principles of the Paris Declaration on Aid Effectiveness.

The Diagnostic Trade Integrated Study (DTIS) is the main tool of the EIF programme for LDCs to identify their trade-related needs and solutions. The DTIS also provides for an Action Matrix to track the implementation of necessary interventions.

The DTIS has over the last decade been widely utilised across Africa as an important tool for trade capacity development. The study is aimed at evaluating the main trade constraints of an LDC and recommends policy changes and areas for technical support for these countries to better integrate into the global trading system.

The DTIS for Zambia was first conducted in 2005 under the supervision of the World Bank and captured numerous trade constraints and many of the sectors that required attention. However, stakeholders widely agreed that the study had several gaps in the documents' formulation process. Despite the huge potential for diversifying trade, the DTIS, under the IF, has not been able to fulfill its objectives, due to a number of constraints.

In light of the ownership deficiencies apparent in the formulation of Zambia's DTIS as well as the fact that trade is a dynamic phenomenon and since the DTIS of 2005 new issues and priority areas may have emerged, the DTIS is currently under review. The World Bank has continued its involvement in Zambia's DTIS and is leading the review of this document.

CUTS commends the DTIS review team for acknowledging the shortcoming of the DTIS of 2005 which were identified by various stakeholders and adding to the scope of the review.

Recognising the challenges the World Bank and the Ministry of Commerce, Trade & Industry (MCTI) will face in carrying out inclusive consultations, CUTS however, expects the DTIS review team to use a sector based criteria that will ensure adequate representation to enhance the ownership and inclusivity of the process.

The continued emphasis on the need for inclusivity in the study is also a two edged sword in the civil society, the private sector, government ministries besides the MCTI must all take an interest and participate meaningfully in this process.

However, all stakeholders must take an active interest in this review as it may set the tone for the next few years in determining government sector development focus and resource allocations if used as a yardstick in government planning and also in terms of funding through the EIF. CUTS, therefore, urges stakeholders to seize the opportunity to participate and help chart Zambia's trade agenda.

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Malawi Reviews Investment Laws

The Malawian government is reviewing laws governing business investments to encourage more local investment and increased employment levels among Malawians. John Bande, Minister of Industry and Trade expressed optimism that a postmortem on laws would promote continued and enhanced private sector investment.


Economic Times

"Government is looking at a bigger picture here. If more of our investments were locally owned as is the case with Chloride (Batteries), most of the returns would have remained in the country unlike investments from other countries which benefit the investor's country," said Bande. He revealed that about 40 pieces of legislation have so far gone through the Parliament adding that more are to follow. *(NT, 04.09.12)*

Botswana to Rescue Zimbabwe

Zimbabwe and Botswana are expected to sign a Memorandum of Agreement (MoA) as part of efforts to operationalise US$64.2mn lines of credit from Gaborone to revive its neighbour's economy. The financial package is part of a pledge made by Southern African Development Community (SADC) at the formation of the inclusive government in 2009 to support Zimbabwe's Short-Term Emergency Recovery Programme (STERP).

The Ministry of Finance said Industry and Trade Minister Welshman Ncube, Finance Minister Tendai Biti and his Botswana counterpart Kenneth Matambo officiated at the signing ceremony.

According to Botwana's Mmegi newspaper, Tshwaragano Mmereki, the Public Relations Officer in Matambo's Ministry, said the money would be disbursed through commercial banks. "Botswana government has committed credit lines of up to US$64.2mn through commercial banks," Mmereki was quoted as saying. *(ND, 02.09.12)*

Swaziland at the Door

Swaziland is again knocking on South Africa's door after rejecting a bailout in 2011. If conditions are met, the first R800-million (US$94.4mn) of a R2.4-billion (US$0.28bn) loan will be paid to King Mswati III's state in September, according to Finance Minister Pravin Gordhan.

The bailout conditions include political and economic reforms and measures to ensure the money is spent in the right way. King Mswati III has long been criticised for his lavish lifestyle in a country dogged by poverty.

Political parties are banned in Swaziland and the king has a number of pet projects that have been detrimental to the national budget. One of these is a second international airport in a country smaller than Gauteng. *(TL, 28.08.12)*

Tax to Boost Africa's Development

Multinational companies will play a hugely important role in Africa's development, but only if legal and regulatory certainty catches up to the pace of investment, say tax experts and regulators. The answer lies in a "growth oriented" tax system rather than in the incentives and exemptions being demanded by companies, says The Africa Tax Administration Forum (ATAF).

Estimates for 2012 by Ernst & Young point to a reversal of the 20 percent decline in foreign direct investment (FDI) inflows into Africa since the global crisis, where FDI peaked in 2008 at US$72bn but then dropped to just 4.5 percent of global investment. This is despite predictions the global crisis could continue for a lot longer elsewhere in the world.

(www.bdlive.co.za, 19.09.12)

Geothermal Light up East Africa

The export market for geothermal goods and services has noticeably expanded in recent years, and a January 2012 survey of Geothermal Energy Association (GEA) members showed that over 65 percent were exporting technology or otherwise involved in geothermal development abroad. Africa represents an important new opportunity for US geothermal firms.

While Africa has had its economic problems, it has seen strong economic growth over the past decade. Real gross domestic product (GDP) has been growing at roughly five percent annually, making the continent among the world's fastest growing regions.

Kenya, the leader in geothermal development in the region, targets a GDP growth rate of 10 percent starting 2012, with electricity demand to grow in tandem through the Vision 2030 initiative. Geothermal energy is also produced in Ethiopia, and other countries are increasingly interested.

(www.renewableenergyworld.com, 03.07.12)

EU Targets Aid to Gas

Senior European Union (EU) officials began a three-day visit to Mozambique and Tanzania as the EU looks to bolster aid and development in a rapidly growing region of Africa that sits on vast reserves of offshore gas.

European Commission President Jose Manuel Barroso and Andris Pielbags, the European Aid Commissioner, will sign agreements to provide •37mn in financing for local economic development and public projects during the visit.

But the longer-term goal is to strengthen the EU's ties to southern Africa, a region that is among the most dynamic on the continent and could become a major provider of energy resources to Europe if Asian competitors do not move in first. *(BD, 23.07.12)*

Boosting Economic ties

Italy is among Europe's top countries that Zambia is focusing on to strengthen and develop new business ties to boost economic relations. Zambia's Ambassador to Italy Frank Mutubila says Italy is among the top countries that President Michael Sata cited that Zambia will strengthen and develop new business partnerships.

Mutubila said Zambia previously attracted a significant presence of Italian companies which has recently suffered a slowdown. He said Zambia is among the stable countries in Africa that has adopted prudent macroeconomic policy that has allowed containing inflation.

(ZDM, 11.09.12)

Zim Trade Gap Widens

Zimbabwe's trade deficit widened in August 2012, as imports significantly rose by 30 percent, to US$2.9bn, compared to the same period in 2011, according to official statistics. Trade deficit measures show imported goods and services into the country exceeded exports.

Minerals constituted about 71 percent of total exports, led by platinum at US$511mn, diamonds US$456mn and gold at US$400mn. Tobacco accounted for 12 percent, manufacturing 7.9 percent, and agriculture 8.5 percent, while hunting contributed about 0.2 percent.

Gift Mugano, Economist said the latest figures were an indication that Zimbabwe did not have the capacity to export. In its 2011 annual report, ZimTrade, the country's trade development and promotion agency, said export performance during the first half of the year remained sluggish.

(TH, 12.09.12)

Zambian Exports to DRC Increase

"Zambia has recorded an increase in the exports to the Democratic Republic of Congo (DRC) market representing a growth of about 77 percent", Glyne Micheelo, Acting Director General, Zambia Development Agency said. Micheelo said the DRC export market had remained Zambia's largest market for its Non Traditional Exports (NTEs) and the single largest market in the Common Market for Eastern and Southern Africa (COMESA) region.

He said that in 2011, the DRC market gobbled up US$589.8mn worth of Zambian products against US$333.5mn recorded in 2010. DRC is potentially the largest market in Africa and has immense potential for Zambian companies to significantly increase their export earnings.

(ToZ, 20.08.12)

Malawi-SA to Beef up Trade

"South Africa and Malawi have agreed on improving and strengthening economic cooperation between the two countries. This would be done by facilitating private sector interaction with a view to not only increase current trade relations, but also encourage more investments", Ebrahim Ebrahim, Deputy Minister of International Relations said.

He was speaking at the conclusion of the Joint Commission for Cooperation meeting in Pretoria between South Africa and Malawi. He said, "We have noted with great satisfaction the noticeable progress that has been achieved in strengthening the political and economic cooperation between our countries. Of significance is the increasing number of legal instruments that are being negotiated to facilitate our partnership". *(SAnews, 09.09.12)*

Global Prices Hurt Mineral Trade

In the first half of 2012, mining exports declined by 0.6 percent in volume and 4.5 percent in value. Consequently, mineral export revenue dropped to US$64.6mn in June 2012, compared with US$67.7mn fetched over the same period in 2011. International prices on the other hand, dropped by 25.9 percent though prices of coltan and wolfram increased by 16.9 and 27 percent respectively.

Rwanda is targeting at least US$106mn in revenue from mineral exports. Though the volumes are expected to rise by 11 percent, a 10 percent decline in prices is expected. A weak global demand, low commodity prices and high oil prices are expected to impact negatively on exports in 2012. *(EA, 25.08.12)*

Uganda Bans Hiring Expatriates

The Ugandan government has banned international and local NGOs operating in the country from employing foreigners unless they show proof that no Ugandan matches the skills of the expatriate staff.

Amb. Gabriel Kangwagye, Chairman, NGO Board said that the not-for-profit groups solicit money from donors under the guise of helping the under-privileged, and they should not saturate local job market by employing their own. The tough talk follows new immigration guidelines, which, among other things, require foreign professionals intending to practice here to be evaluated for competence by local professional registration bodies. *(EA, 10.07.12)*

Kenya to Ease Trade Barriers

Trade between Kenya and other countries will be much faster and smooth following the planned streamlining of clearance processes. This follows the planned rollout of the first phase of the Electronic Single Window System which will among other things fasten the clearance process through automation and little human intervention.

The rollout will kick off in July 2013 implemented on behalf of the government by the Kenya Trade Network Agency (KENTRADE). The project is jointly funded by the government and the World Bank.

The project is expected to significantly boost Kenya's external trade through the reduction of clearance delays mostly blamed on corruption cartels that man the country's borders. It will also ensure that only the requisite fees in clearing goods is charged, thereby eliminating the cartels.

(EABW, 17.09.12)

Malawi-China Trade Jumps

Malawi's trade volume with the People's Republic of China hit a record high of US$100mn in 2011, representing a 400 percent jump over 2010, the Chinese Ambassador Pan Hejun said. Pan disclosed the figure in Lilongwe during a press briefing on the Forum on China-Africa Cooperation (Focac) which is a platform for collective dialogue and effective mechanism for practical cooperation between China and Africa.

Such a growth in trade volume implies the deepening of trade ties between Lilongwe and Beijing, which in the long-term will see Malawi growing its export base to outpace the appetite most Malawians have for imported goods.

Pan said Malawi, like other African countries, continues to export 95 percent of its export products duty free and urged the country to utilise such an opportunity to scale up its export base.

(MN, 27.07.12)

Obstacles for Trade

Leaders of African states need the political will to institute infrastructure and agreements to achieve a significant improvement in between their countries. This was the conclusion of the conference that looked into how African countries can integrate their border-post systems to achieve more efficient trade in the region.

Integration could include a single-view system and one-stop border posts to bring customs duties in line with each other – which is essential to save time and money in doing business and thus promote economic growth between countries.

According to a US Agency for International Development report, high import and export costs impede trade-based growth in Southern Africa. They also restrict the variety of products being traded and increase the price of consumer goods, including food.

(www.fin24.com, 16.09.12)

Africa's Intra Trade to Improve

President of the Pan African Parliament Bethel Amadi said the economic integration of Africa will improve its economic prosperity as mere two percent intra trades among Africans could generate as much as US$200bn annually.

He said: "Once we make available a blueprint of the proposed economic integration of the continent to the assembly of heads of states and approval is given we will set the ball rolling to better the lot of Africans".

Once there is a legal framework in this direction, the issue of unnecessary and heavy taxation as being experienced in Ghana by Nigerian businessmen will be a thing of the past. The continental body will ensure that such continental laws must be domesticated by member states of African Union and erring states will be adequately sanctioned. *(DTO, 10.08.12)*

COMESA Mull borderless Tourism

Tourism officials from the COMESA were expected to launch the first steps towards creating a borderless tourism market as part of building sustainable tourism industry across the 19 member countries. Officials drawn from all COMESA member countries met in Nairobi to brainstorm and agree on developing a common selling point for regional tourism market.

The delegates were also expected to come up with innovative and cheaper tourism products to promote domestic tourism and coming up with modalities of improving the regional tourism image at the international arena.

A borderless tourism market is part of integration efforts currently being undertaken within COMESA, an already free trade area that is set to link up with the Southern Africa Development Community (SADC) and the East Africa Community (EAC) by mid-2014 to create Africa's largest free trade area.

(Xinhua, 28.08.12)

Improving Trade Facilitation

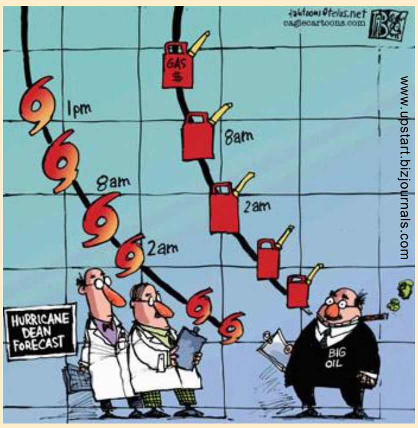
Senior trade officials from African Union (AU) member states, research and development institutions, Regional Economic Communities (RECs) and international organisations met in Addis Ababa, emphasising the need for improved trade facilitation, export diversification to boost intra-African economic growth and cooperation.

Stephen Karingi, Director, Regional Integration and Trade Division lamented that "while there is general consensus that trade can be an important engine of growth for Africa, many African countries continue to encounter considerable infrastructure and other supply-side constraints."

According to Karingi, the 18th AU Summit held in Addis Ababa in January 2012, agreed an Action Plan for boosting intra-African trade and to see the share of trade within African economies double within the next 10 years. Key to this Action Plan is "the need to move away from heavy reliance on traditional primary commodities for export." *(TG, 12.09.12)*

Uganda Oils Sales to China

Almost a decade since Uganda initiated negotiations with China for the favourable export of coffee beans to the Asian giant; it is struggling to create even trade relations with the world's second-biggest economy. But economic experts predict that the East African nation could close the gap through the promotion of agriculture and the eventual export of oil.



In 2004, Uganda negotiated a preferential treatment agreement for its coffee exports to China, leading into the formation of Uganda Crane Coffee, a joint venture between the Uganda Coffee Development Authority and the Beijing North Star Industrial Group, for the promotion of the East African nation's beans in the world's most populous nation.

At least 2,200 tonnes of coffee beans worth 7.6 million dollars were exported to China in the first half of 2010, according to figures from the Ugandan Embassy in China. Uganda, which is Africa's second-biggest producer of the beans after Ethiopia, exports around 180,000 tonnes of coffee beans mainly to Europe annually.

(IPS, 21.09.12)

Banana Technology Adopted

Local farmers' organisations in Burundi are using a macro-propagation technology to multiply banana seeds. One such organisation is Floresta, which operates at three levels: distribution of quality planting banana seeds, the multiplication of the seeds participation in various programmes related to the sector. The improved banana seeds are more productive to the extent that a banana bunch can weigh between 40kg and 80kg at harvest period.

Alain Bruce Rukundo, Head of Floresta said that significant revenues were drawn from harvesting improved bananas. On another level, solidarity in the banana sector between different beneficiaries of Floresta Burundi NGO on the one hand, and between the latter and the other members of their community on the other were strengthened. *(EA, 08-14.09.12)*

EAC Keen to Address Integration Fears

The EAC seeks to address fears said to be a hindrance to the rolling out of key regional protocols. The EAC Secretariat has formed a team of four experts from each state to conduct a new study to identify and make recommendations on the fears of each state that hinder the implementation of the protocols – Customs Union, Monetary Union and Common Market Protocol – before the end of 2012.

The key fears previously reported include a rigid tax regime, sharing of resources, trade facilitation, treatment of transit goods, external trade relations and other trade related issues. These are some of the issues the taskforce will be seeking solutions to. The recommendations will be tabled to the EAC council of ministers that is then expected to submit them to the Heads of States summit due in November 2012. *(EA, 09-15.07.12)*

Stabilising EAC Neighbours

Ethiopia to the north is a stable country cooperating with Kenya. The southern parts of Ethiopia are an integral part of the proposed Lamu Port and South Sudan Ethiopia Transport (LAPSSET) project and will offer excellent opportunities for trade with Kenya, once infrastructural links are completed.

The agreement to import electricity from Ethiopia is a good sign of inter-state trade and cooperation already taking place. The ongoing successes with oil exploration around Lake Turkana may extend to the Ethiopian side of the Lake, and this may lead to oil production development joint ventures.

The World Bank, in a recent review of Kenya stated that intra-EAC trade will help to cushion the country's shaky balance of payments from the vagaries of high oil prices, bad weather, and external economic impacts. *(BD, 10.07.12)*

Sharing Agri Research Online

The Association for Strengthening Research in Agriculture in Eastern and Central Africa (Asareca) has created an online portal through which scientists in member countries will share research on agriculture.

The US$1.2mn project dubbed Regional Agricultural Information and Learning System is funded by the African Development Bank through the Forum for Agriculture Research in Africa, which works with national agricultural research institutions and other stakeholders at country level.

The use of ICT in disseminating agricultural research comes at a time when the agricultural sector is faced with challenges ranging from climate change, rising food prices, increasing poverty, and a fast growing population. The organisation brings together agricultural scientists, farmers and development partners, to come up with new innovations that could lead to agricultural-led economic growth, poverty eradication and improved livelihoods in Africa. *(EA, 21.07.12)*

NTBs, a threat to SADC

Zimbabwe's Regional Integration and International Cooperation Minister Priscilla Misihairabwi-Mushonga said that the biggest problem facing the regional bloc was that of non-tariff barriers (NTBs) which member states were consistently using to protect their local industries and limit import inflows.

Misihairabwi-Mushonga said Zimbabwean cabinet was seized with concerns from the local pharmaceutical industry on the imposition by South Africa of trade restrictions, contrary to the SADC trade protocol.

Before the recent SADC summit in Mozambique, member states had committed themselves to a tariff phase down schedule to promote the inception of an operational free trade area. On the hand, Ministers at a SADC meeting in Windhoek, Namibia last year expressed grave concern on the effects of NTBs on intra-regional trade. *(TH, 18.08.12)*

Call for Regional Integration

Africa's trading blocs ended their meeting in Nairobi with a call for political commitment to regional integration at the national should trickle down to the lower levels. The consultative meeting also called for the efforts by the recipient countries to improve their capacity to utilise the development funds.

"The delegates further identified the need to strengthen the role of regional organisations and the services they provide towards their Member States in implementing regional commitments," the organisations said in a joint statement.

The delegates drawn from government ministries in charge of regional integration and cooperation of the ACP Member States of COMESA, EAC, IGAD and IOC as well as their chief executives concluded that regional integration is broad, ambitious, complex and a long term process that requires a long term commitment.

They appealed for broader consultation and participation of the full spectrum of stakeholders, including the private sector and non-state actors in all regional integration processes to enhance ownership and sustain political will at national level. *(Xinhua, 29.08.12)*

Trade War Looms over Tax

Tanzania is opposing a Ugandan bid to persuade the EAC to extend tax exemption on raw material imports for one more year. Already the country has blocked certain Ugandan goods from entering its markets. Since 2005, Uganda has been importing 135 different industrial inputs without paying the applicable Common External Tariff (CET) of 25 percent as required by the EAC Customs Union Protocol.

The duty-free import window lapsed at the beginning of 2010 when the EAC became a fully-fledged Customs Union but Uganda successfully persuaded the region to extend the relief on a yearly basis. Tanzania apparently has never been happy with Uganda's move, as emerged during the just ended 25th EAC Council of Ministers Extraordinary meeting in Arusha, where the matter was tabled. *(EA, 09-15.07.12)*

Petrol Prices to Stay High

The continued fall in international crude oil prices will only translate to lower pump prices in Kenya, the industry regulator said. The Energy Regulatory Commission (ERC) said the current prices do not fully reflect latest changes in international crude prices. The energy regulator has faced criticism for failing to match local pump prices to global crude oil costs that have dropped in recent months by about 20 percent to almost US$80 per barrel.

Data prepared by Petroleum Institute of East Africa indicates that regular petrol dropped slightly from Sh122.16 per litre in May to Sh119 per litre after the June review. ERC said a number of flagship projects lined under Vision 2030 will raise peak energy demand from current 1,286 megawatts (MW) at the moment to 1,997 MW by 2016. *(BD, 08.07.12)*

Bumper Harvest Eases Prices

The cost of staple foods like maize and vegetables has dropped in parts of the North Rift region following a bumper harvest of alternative crops such as potatoes and cassava. Maize prices have fallen from Sh3,600 (US$41.8605) to Sh2,800 (US$32.5581) per bag in Eldoret and from Sh3,300 (US$38.3721) to Sh3,000 (US$34.8837) in Nakuru after the harvest of short-term crops such as potatoes, beans and cassava that has resulted in increased food supply.

Most households have turned to cheaper foods to cut down on household spending. According to an annual agricultural report, Rift Valley province produced 622,325 bags of beans. The region produced 850,432 bags of potatoes from 66,727 hectares and the harvest is expected to increase this season as more farmers venture in cultivation of the crop. *(BD, 15.07.12)*

Blanket Ban on Plastic

Tanzania's multi-million dollar horticultural industry is now feeling the pinch of the government's outright ban on disposable plastic bags. In late 2011, Tanzania imposed a blanket ban on plastic bags between 30 and 65 microns thick in a bid to protect the environment. The flower firms had sufficient stock of plastic bags to last them a number of months when the ban was announced, and had hoped to lobby the government to reconsider the ban.

But now, they have run out of bags – and options. The firms say the specifications of packaging are dictated by international standards, which require a thickness of 30 microns for packaging cut flowers for export. Now with the ban in place, flower exporters cannot access packaging materials nor export their cut flowers, threatening the profitability of the US$80mn industry. *(EA, 29.09.12)*

Adopt a Transforming Approach

The UN Conference on Trade and Development (UNCTAD) has called for Africa to adopt a "sustainable structural transformation," so as to achieve much-needed growth while protecting the environment.

"The challenge is to modernise the continent's economies – including expanding industrial capacity – through the efficient use and consumption of domestic natural resources, thereby avoiding the mistakes made by early industrialisers elsewhere," the agency said in a news release on its Economic Development in Africa Report 2012.

The report contends that Africa should not follow the same "grow now, clean up later" approach that was adopted by currently industrialised countries. *(AO, 10.08.12)*

Move towards Low Cost Travel

Emirates Airlines is planning partnerships with Africa-focused low-cost carriers in a move that will deepen its rivalry with Kenya Airways and boost the firm's footprint on the continent. The Middle East carrier is looking to connect the bulk of the continent's travellers to the rest of the world through its Dubai hub with the budget airlines feeding it with cargo and passengers in major cities like Nairobi, Dakar and Luanda.

This will put it in a head-to-head battle with Kenya Airways, which draws half of its revenues from African routes and has hinged its strategy on connecting the continent to Asia and Europe through Nairobi. *(BD, 27.09.12)*

Mealie-meal Prices Slashed

Zambia Consumer Association (ZACA) has commended government's intervention in the reduction of mealie meal price. ZACA has also called on traders to effectively pass on the benefit to consumers.

ZACA Executive Secretary Muyunda Ililonga said the move will allow consumers have easy access to the staple food. He said millers should desist from hiking mealie meal prices unjustifiably. Millers increased the average price of mealie meal by about K7,000 (US$1.342) despite buying maize from government at a subsidised price. *(ZDM, 21.09.12)*

SADC Close to Carbon Trading

The United Nations Environment Programme (UNEP) unveiled a new standardised baseline for the SADC region's electric power grid in Gaborone, Botswana. This is a major step forward in efforts to boost access to climate-friendly investment in Africa.

The new emission factor, which encompasses all grid-connected utilities operating within the Southern African Power Pool (SAPP), would serve as a ready-made benchmark against which the Greenhouse Gas impact of future sectoral investments in the region can be measured. The standardised baseline is expected to reduce, by six months, the time it takes for carbon market projects to reach the market. *(www.informante.web.na, 22.08.12)*

The Billion Dollar Question for Zambia: What to Sell?

Luukkanen, Ville*

Perhaps the best all Zambians interested in improving the country's trade performance could do, would be to try and avoid getting entangled in sophisticated jargon and focus on the simple question that continues to stare right in the face: besides copper, what can we manufacture here in Zambia and sell to the world?

www.bdlive.co.za

According to the Central Statistical Office, in 2011 Zambia imported goods worth US$4bn and exported US$5.2bn. On the exports side, it is no news to anybody that copper dominated. Of the total exports, not less than US$4.1bn or 83.1 percent consisted of refined copper cathodes. The second most valuable export item behind copper was just a fraction of the copper value: Zambia exported tobacco leaves to the tune of US$150mn, or 3.1 percent of total exports.

Tobacco is a valuable global commodity, but Zambia would have to produce not less than 27 times more of tobacco for it to challenge copper for the top export. Copper's domination is exacerbated further if one does the basic math on the real values. Zambia's copper production reached a new record high of 870,000 tonnes in 2011. The global copper prices averaged just under US$8900 for the year 2011. As it is fair to assume that all the produced copper was actually shipped out of Zambia, the total global market value of Zambia's copper was almost double the value declared on the border for export purposes and recorded in CSO books, US$7.7bn.

The discussion on trade is becoming increasingly sophisticated. The world of global trade is highly complex, that is for sure. Instead of the coherent and development-friendly global system based on transparent rules, as envisaged by the parties who gathered around the negotiation table at WTO for the so-called Doha Development Round, it has been seen the world in the past decade slide into a dizzying whirlpool of multitudinous trading games everywhere.

Out of all the confusion, this much is clear, though: as the BRICS continue their march to challenge the traditional G8 economic world order, trade remains one of the most tightly contested battle fields. And the way the game is played affects the rules more than the other way around.

What, then, role for country like Zambia in this situation? It is clear that a number of things are needed. Zambia needs to continue to modernise its systems for revenue collection, border management, standards & quality control, competition promotion, consumer protection etc. Trade-related parts of the system are neither an exception nor a specific priority compared to other needs. As for Zambia's trade policy, there is no patented recipe, definitely not one that could be provided by outsiders. It would probably be in Zambia's best interest to continue her traditionally proactive promotion of regional economic integration with careful but systematic trade liberalization at the core.

Against the current international trade turmoil, it appears that the best policy for Zambia is the same as for any country that is able maintain positive economic growth in these troubled economic times: if it ain't broke, don't fix it. In other words, do not rock the boat too much but try and maintain the steady course you have charted while improving your performance gradually, step by step.

Perhaps the best all Zambians interested in improving the country's trade performance could do, would be to try and avoid getting entangled in sophisticated jargon and focus on the simple question that continues to stare right in the face: besides copper, what can we manufacture here in Zambia and sell to the world? Though the question is easy, the answers are obviously harder to find. But the point is that it is the question for all Zambians, right now. One can discuss policy at length, debate how to improve investment climate, infrastructure, skills, whatever.

Only when answers to that question start multiplying, will copper's dominance in export tables diminish. And all the other discussions actually become redundant. Hopefully Zambia will see mass-based processes, inclusive of all communities, taking up the challenge and answer the question for themselves. Make things, produce services and sell them to the world. That is essentially what Finland wants to support with her limited AfT.

* *Counsellor, Economic Growth, Private Sector Development, Embassy of Finland, Zambia.*

ReguLetter


REGULETTER

When even bread-makers are cartelising

The July-September 2012 issue of ReguLetter encapsulates 'When even bread-makers are cartelising' in its cover story. Bread manufacturers in South Africa in the recent past gathered together to fix prices and allocate territories to the disadvantage of the public. The fixing of a price of a product harms the whole society. The bread cases are living examples of how an unjust economy can further impoverish poor consumers, and destroy opportunities for small businesses especially those that serve the poor.

A special feature by Mihe Gaomab II states that competition is defined in a market driven economy such as Namibia as the struggle among supplying firms to obtain buyers' support for their goods and services.

Another special article by Martin Wolf argues that the Libor scandal has nailed the coffin of the banks' reputations shut. After a huge financial crisis and a long list of scandals, banks are now viewed as incompetent profiteers run by spivs. He provides seven suggestions of how best to respond.

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

Economiquity


ECONOMIQUITY

Is Multilateralism in Crisis?: A possible way forward on trade multilateralism

The July-September 2012 issue if Economiquity carries an article entitled, 'Is Multilateralism in Crisis?: A possible way forward on trade multilateralism' in its cover story which states that for trade multilateralism to work better and gain strength, the Doha Round should be concluded by the next WTO Ministerial Conference to be held in Bali, Indonesia in December 2013. The emerging powers will have to take more leadership role in raising their ambitions from trade multilateralism.

A special article by Alan Beattie states that One of the most important battles in trade is not between the US and China. It is between arbitrary import restrictions and the set of global rules and judgments that restrain them. Free traders should be hoping fervently that the latter prevail.

Another special article by Vidya Ram says that a consensus around a financial transactions tax is slowly coming into being.

This newsletter can be accessed at: www.economiquity.org/

State of the Kenyan Consumer 2012


State of the Kenyan Consumer 2012

Daniel Asher & Rijit Sengupta

Consumer Unity & Trust Society (CUTS), Nairobi has been implementing a project entitled 'Consumer Rights Empowerment for Social, Economic Justice and Good Governance in Kenya' (CONSREG), since February 2012 with support of the Akiba Uhaki Foundation.

One of the activities under this project was to develop a State of the Kenyan Consumer 2012 report to be used for advocating the need for greater attention to consumer protection issues in the country, in conformity with international standards for improvement of consumer justice and the general welfare for Kenyan citizens.

This report analyses the current state of an average Kenyan consumer *vis-à-vis* the eight 'rights of a consumer as recognised under the United Nations Guidelines on Consumer Protection (1985, expanded in 1999). It also includes an assessment of consumer experiences across five sectors in the country, viz.: water supply, public transport, electricity, telecommunication and public healthcare.

This assessment was undertaken through a survey covering four towns in Kenya namely Kisumu, Mombasa, Nyeri and Nairobi.

This report can be viewed at: www.cuts-international.org/ARC/Nairobi/pdf/Report-State_of_the_Kenyan_Consumer_Report_2012.pdf

Sources

AO: Ahram Online; BD: Business Daily; DTO: Daily Trust Online; EA: East African; EABW: East African Business Weekly; IPS: Inter Press Service; MN: Malawi Nation; ND: News Day; NT: Nyasa Times; TH; The Herald; TL: Times Live; TG: The Guardian; ToZ: Times of Zambia; ZDM: Zambia Daily Mail

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