Tradequity
A Newsletter of CUTS Africa
Year 14, No. 2/2015

Africa's Largest Free Trade Area Launched


www.ichef.bbci.co.uk

African heads of state have launched the largest Free Trade Area (FTA) across Africa – the Tripartite Free Trade Agreement (TFTA), during the Third Tripartite Summit held in Sharm El Sheikh, Egypt.

The proposed 'Grand' FTA would stretch from Cape Town to Cairo, creating an integrated market with a combined population of almost 600mn people and a total Gross Domestic Product (GDP) of about US$1tn.

The TFTA comprises the three largest regional economic communities (RECs) in Africa: the Common Market for Eastern and Southern Africa (COMESA), the East African Community (EAC) and the Southern African Development Community (SADC). The deal will come into force once ratification is attained by two-thirds of the 26 member states.

A post-signature implementation plan will follow the launch including, among other elements, an indicative schedule of negotiations on outstanding issues in Phase I and Phase II of the negotiations – most likely, rules or origin, trade remedies and dispute settlement – and the programme of work on the movement of business and the industrial development pillar. This deal is the first step towards a more ambitious plan of establishing an African Customs Union by 2019.

Another mega-deal

The TFTA initiative was originally endorsed at the Tripartite Summit of Heads of State and Government in Johannesburg in June 2011.

Further, the various regional FTA processes are expected to be consolidated into the Continental FTA or CFTA between 2015 and 2016, with the pan-African pact launching in 2017 and a continental customs union forming by 2019.

Tariff offers

The decision to launch the TFTA was made after a majority of the Tripartite members made offers following the Tripartite Sectoral Committee of Ministers meeting in Bujumbura, Burundi in October, 2014.

Regarding the tariff offers, Tripartite Ministers have decided that the countries that had not yet exchanged tariff offers would need to do so within the next 6-12 months.

Tripartite Ministers agreed on rules of origin (RoO) to be applied in the interim while further work continued on specific RoO, reported COMESA.

Negotiations and Launch

The liberalisation exercise was initially divided into two negotiation sequences. In the first phase, discussions focussed mainly on the issues of tariff liberalisation, rules of origin, trade remedies, and customs and transit procedures, among other elements.

The second phase addresses issues on trade in services, intellectual property, competition policy, and trade competitiveness. Phase I officially concluded in December 2014 through the adoption by heads of state and governments of the 'Declaration on the Conclusion of Negotiations on Phase I Trade in Goods'. Phase II of the negotiations is scheduled to commence shortly after the launch.

Observers who have been following the process expressed their satisfaction regarding the launch, while still maintaining some reservations on the actual implementation process that will follow.

High Expectations

African RECs are of the view that once operational, the TFTA will become a means to enhance economic inter-linkages and create an enabling business environment that unlocks regional potential, scales up productive capacities and competitiveness, and stimulates the emergence of value chains.

According to the AU Action Plan for boosting intra-African trade, the projected CFTA would increase trade within the region by at least 25-30 percent in the next decade. Further, eliminating overlapping trade regimes, the TFTA will ultimately reduce the cost of doing business, a factor, which currently constitutes a complexity in Africa's regional arrangements.

(www.icstd.org, 10.06.15)

IN THIS ISSUE

30 1983 2012 CUTS International
CUTS Africa
Email: lusaka@cuts.org (Lusaka)
Email: nairobi@cuts.org (Nairobi)
Email: accra@cuts.org (Accra)
Website: www.cuts-international.org/ARC

Escalating Zambian Economy

Zambia's economy did relatively well in the region, despite the decline in its growth rate due to lower production in the mining sector as compared to the previous year and sluggish growth in manufacturing and public services. Agriculture, on the contarary, showed a good growing rate at over 6 percent resulting from a bumper maize harvest.

Economic status is expected to remain strong in the medium-term driven by large investments in infrastructure and growing public administration and defence sectors. Diversifying the economy away from dependence on copper and the creation of decent jobs remain the overarching policy priorities of the Zambian Government. In the year 2014, there was some fiscal consolidation with the deficit falling by about one percentage point compared to 2013.

(AEO, 16.06.15)

Ghana's Energy Plan

The Climate Investment Fund (CIF), at its governing body meetings in Washington D C unanimously endorsed Ghana's ambitious investment plan to transform and promote its renewable energy sector.

The Plan, which is slated to receive US$40mn in funding from CIF's Programme for Scaling up Renewable Energy in Low Income Countries (SREP), is structured around four key projects: renewable energy mini-grids and stand-alone solar PV systems; solar PV-based net metering with storage; utility-scale solar PV/wind power generation; and a technical assistance project.

The Deputy Minister of Power, John Jinapor stated that Ghana was quite pleased to receive this important endorsement from SREP. The SREP investment plan is the country's second investment under the CIF.

(B&FT, 19.05.15)

Hefty Fines for Kenyan Telcos

Telecommunication companies (telcos) will face hefty fines for poor quality services from July 2015, according to the industry regulator. The penalty for telcos that offer sub-standard services comprising the quality of mobile phone voice calls, has been set at 0.1 percent of the annual turnover of any company in breach, instead of the current flat rate fine of Sh500,000.

The telcos have disputed the regulator's assessment of quality of service earlier also showing that they were all in breach, and instead the surveys of the contracted firms indicated their compliance.

The reviews conducted by the Communications Authority of Kenya (CA) required the operators to achieve a score of 80 percent on indicators like speech quality, completed calls, call success rate and drop rate. The CA has agreed to hire an independent firm to conduct quality tests by July 2015.

(BD, 19.04.15)

Soil Fertility Project to Reduce Poverty

About 10,000 smallholder farmers in the Upper West Region are to benefit from an Enhanced Integrated Soil Fertility Management (EISFERM) project, being funded by the Alliance for Green Revolution in Africa (AGRA).

www.agra-alliance.org

The initiative aims to reduce the high poverty rates through increased production of soya beans and maize for food security thereby increasing family incomes. It also endeavours to bolster effective and sustainable soil fertility management practices.

Dr Zacharie Zida, AGRA explained that the project addresses value chain concerns including appropriate combination of both organic and chemical fertilizers, application of improved pest and weed management techniques, adoption of improved high yielding seed varieties, use of innovative post-harvest management techniques, and linkage among input dealers and financial institutions.

(B&FT, 13.05.15)

Sustainable Growth Agenda

Zambia's current and projected population indicates adequate opportunities and challenges to effectively contextualise sustainable development agenda in the national planning processes.

Addressing the 48th Session of the Commission on Population and Development (CPD) under the theme: 'Realising the future we want – integrating population issues into sustainable development, including in the post – 2015 development agenda', Zambia's Permanent Representative to the UN, Ambassador Mwaba Kasese-Bota stated that the Post 2015 Development Agenda should aim to have investments in quality education, family planning and universal access to quality health services.

Kasese-Bota, also mentioned that has Zambia intends to build on the existing momentum of sustained economic growth of above 6.1 percent, over the last decade, as part of its strength and opportunity to address the challenges hampering the attainment of some Millennium Development Goals (MDGs).

(http://wwwqfmzambia.com, 16.06.15)

Zambian Mining Taxes Collapse

Government has cut mineral royalties for underground mines to 6 percent, lower than the 9 percent, which was expected to take effect on July 01. Presidential aide Amos Chanda has told Reuters that "Mineral royalty tax will be reduced to 6 percent from the earlier proposed 9 percent. It will remain at 9 percent for open pit mines".

The 2015 Budget had introduced a new fiscal regime that set underground mining royalty at 8 percent and open pit mines at 20 percent. This was reversed in April when all the royalties were set at 9 percent. We noted at the time that the changes did not make sense for underground mines because it meant an increase of 1 percent. Given the cost for underground mines are higher they should have lower royalty taxes compared to open pit, otherwise the incentives become skewed.

(ZE, 19.06.15)

China-Zambia Growing Ties

The Zambian President Edgar Lungu while attending the BOAO Forum for Asia (BFA) held in Sanya on being invited by his Chinese counterpart, had discussions with Chinese President Xi Jinping, during which both the leaders ensured strengthening their countries' long-standing friendship and expand cooperation further. Xi Jinping indicated that China will encourage and help more companies to invest in Zambia and hopes that Zambia will provide more favourable conditions for them

The timing of the visit also reveals the growing ties between China and Zambia, which has also faced much controversy with a number of high-profile cases pointing to the poor environmental, labour and occupational health and safety standards of Chinese capital in Zambia. *(http://english.cntv.cn/)*

Cape Town to Cape Coast

South Africa's Western Cape Investment and Trade and Promotion Agency (Wesgro), along with 25 companies from the province's service sector and creative industries, were in Accra on a trade mission. The mission formed a part of Wesgro's efforts to increase the trade between the Western Cape and the rest of Africa.

"Our agency has strong ties with the South Africa-Ghana Chamber of Commerce and Industry, and they have invited to take a group of Western Cape companies on a trade mission to explore business opportunities in Ghana", said Chief Executive Officer Tim Harris.

Ghana is one of the priority markets in terms of Wesgro's West African Trade Corridor Programme, as exports to Ghana from the Western Cape have grown from US$3.28mn to US$49.692mn.

(www.enca.com, 23.06.15)

Zambia Trade Concerns

Isabel Mukelabai, Executive Director, Centre for Trade Policy and Development (CTPD) stated that the March 2015 trade deficit of K310mn implies an increase in the deficit by K202.7mn, an increase almost double the February 2015 deficit, which stood at K107.3mn. Mukelabai said that the key to this picture are the challenges the country experienced in the mining sector, which affected downwards production volumes of copper than initially projected.

She further observed that the imports continued to outstrip total exports during the first quarter of 2015 and this should serve as a wakeup call to the Zambian Government on the need to accelerate diversification of the economy away from trade in metal exports comprising mainly copper accounting for 66 percent in export earnings while non-traditional exports account for about 34 percent.

(http://www.qfmzambia.com, 19.06.15)

Cross-border Friends

President Edgar Lungu said Zambia exported goods and services into Zimbabwe exceeded US$1.3bn in a period of four years while imports from Zimbabwe into Zambia, over the same period were above US$486mn in terms of trade and investments.

President Lungu mentioned that relations between the two countries have strengthened from 2010 to 2014 while opening the 56th Zimbabwe International Trade Fair (ZITF) in Bulawayo entitled, 'stimulating trade, seizing opportunities to accelerate growth'. Exports into Zimbabwe exceeded US$1.3bn while imports from Zimbabwe into Zambia over the same period were above US$486m.

(www.lusakatimes.com)

Fruits from Eurobond

When it was issued in 2013, the US$750mn Eurobond, an international bond that is denominated in a currency not native to the country where it is issued became a controversial topic in Zambia as people gave mixed reactions on the same. However, after two years, fruits of that Eurobond could be seen.

Zambia Railways was allocated 120mn dollars from the Eurobond and part of the money was channeled towards rehabilitating and constructing new rail lines on the Copperbelt. Zambia Railways Limited has completed rehabilitating and constructing new rail lines in three districts of the Copperbelt to link smelters and mines at the cost of K8.6mn. The districts connected are Chingola, Chililabombwe and Kitwe. *(ZDM, 19.06.15)*

UAE to Woo Investors

The Dubai Chamber of Commerce and Industry (DCCI) has pledged to use its expertise in investments to attract investors from the United Arab Emirates (UAE) to set up operations in Ghana. The Head of DCCI in Ghana, Wissam, elucidated that the initiative was also in line with plans to use Ghana as the gateway to the West African sub-region and the continent.

Omar also indicated that the chamber, which comprises over 150,000 members from across all sectors of the economy also aimed at helping the Ghanaians get partners in the UAE. He noted that due to the proximity of UAE to African and Asian markets, investors could easily turn in huge profits by importing raw materials from Africa and re-exporting them to Asia and other markets. *(DG, 02.04.15)*

Sliding Shilling Spikes Costs

The shilling weakened to a new three-year low against the dollar in what is set to increase the cost of imported goods. Commercial banks quoted the shilling at 97.90/98.0 to the dollar a new low since November 2011.

The shilling has been under pressure since the beginning of the year due to falling revenues from tourism, tea and horticulture – the key foreign exchange earners – amid concerns over a rising import bill. Reduced dollar inflows from the underperforming key sectors come against a rising import bill, negatively impacting the country's balance of trade.

The expensive imported commodities are expected to push up inflation, which has been rising steadily since January 2015 to an eight-month high of 7.08 percent in April 2015, largely driven by a rally in food prices. *(BD, 25.05.15)*

Mine Expo to Woo Investors

The Zambia Chamber of Mines (ZCM) indicated that the 2015 Copperbelt Mining Trade Expo and Conference (CBM-TEC) is a good opportunity for the country to showcase investment prospects in the mining sector. ZCM Chief Executive Officer Maureen Dlamini said that the CBM-TEC has turned up at the right time when there is a lot of debate about the mining sector in the country.

Dlamini said, "The expo will go along in correcting some of the misinformation that has been spread about the industry. It will be a good opportunity for the country to shift as a mining powerhouse and for investors to see what is available in Zambia". She also said that the CBM-TEC will create business opportunities for local Small and Medium-scale Enterprises (SMEs) possible link-ups with international exhibitors.

(ZDM, 19.06.15)

Chile in Ghana

The first Chilean trade mission has been organised by the embassy of Chile in Ghana in collaboration with the Ghana Chamber of Commerce and Industry (GCCI) and the Ministry of Foreign Affairs and Regional Integration.

According to the Chilean Ambassador to Ghana, Ricardo Alen, the multi-sector delegation comprised companies, which were into wines, fresh fruit, dried fruit, frozen fruit, juices, fruit concentrates, and frozen seafood trade.

Alen also said that the move was also an opportunity for local Ghanaian businesses to showcase their products and seek potential markets in Chile. He said the visit was in response to an invitation by Ghana's Minister of Foreign Affairs and Regional Integration during an official visit to Chile. It was aimed at strengthening the political, economic and cultural ties between the two countries.

(DG, 09.06.15)

Alliance in the Air

Indigenous airlines are preparing themselves to take advantage of opportunities to partner large foreign airlines in codeshare and interline arrangements as they submit to an International Air Transport Association, IATA-Operational Safety Audit (IOSA).

A completion of the audit programme and subsequent inclusion of indigenous carriers in the IATA register of certified airlines will make it possible for the likes of Starbow and Africa World Airlines (AWA) to offer services to international organisations based in the sub-region having a strict policy of flying on IATA certified airlines.

On meeting the requirements, they might enter into commercial agreements with foreign carriers to handle passengers travelling on itineraries that require multiple airlines: for instance, passengers travelling from Frankfurt to Kumasi via Accra. *(B&FT, 11.05.15)*

Ghana's Record Export

Ghana's total export to Italy in 2013 amounted to US$751mn dominated by petroleum oils, cocoa and tuna, Ekwow Spio-Garbrah, Minister of Trade and Industry, has said. He noted that Ghana's export to Italy accounted for 12.4 percent of exports worth US$976mn in 2012. He said this at the launch of Milan Expo 2015 in Accra to intensify bilateral, economic, scientific and cultural partnerships with countries around the globe.

The Milan Expo intends to address the universal and complex theme of nutrition from an environmental, historical, cultural, anthropological, medical, technical, scientific and economic point of view. The Expo is designed on a cluster model which represents one of the innovative elements and is organised into six specific food chains-coffee, cacao, spices, fruit and legumes, cereals and tubers. *(www.myjoyonline.com, 06.05.15)*

China Rejects Kenyan Tea

Tea is Kenya's top foreign exchange earner, netting an average of Sh100bn annually in the last three years. Its traditional markets for tea are Britain, Pakistan, Egypt, Afghanistan and Sudan but the Tea Directorate says there were efforts to diversify the markets not only to China but also such African countries as Ghana, Nigeria and Algeria.

The Chinese Government has rejected most of Kenya's tea leaves over high fluoride content, erecting yet another road block on Kenya's bid to grow its earnings from tea exports. Officials at Kenya's tea Directorate said that the rigorous checks introduced by Chinese regulators seeking to curb entry of high fluoride content tea into their market has significantly cut exports to the Asian nation. China is regarded as a potential high-volumes market for Kenya's tea.

In 2009, Kenya exported 918,140 kilogrammes to the populous Asian market, rising over the years to 1,305,781 kg by 2012. These exports have since plunged to 922,828 kg in 2013 and 935,600 kg in 2014, following the introduction of the new standards.

(BD, 15.04.15)

Cutting Sugar Prices

Consumers are set to benefit as a regional trading bloc moves to eliminate cartels that are blamed for distorting sugar prices in Kenya. A COMESA committee is set to decide on how the volumes estimated at 300,000 tonnes annually would be shared among the member states in June 2015.

In November 2014, Kenya announced it would import 12,500 tonnes of sugar from Uganda and Zambia. But the 19 member states presently seek an equal share in exchange for the extension of the sugar safeguards meant to protect local producers. Mauritius, Malawi, Egypt, Zambia, Uganda and Sudan are among the countries anticipated to benefit from the new arrangement. *(BD, 25.04.15)*

Multiple Ports for Ethiopia

Ethiopia has launched a national logistics strategy to use multiple ports in its neighbouring countries in order to improve the country's international trade. Supported by the United Nations Development Programme, the country will use the Mombasa Port, the Port of Sudan and Berbera Port in Somaliland, in addition to the Djibouti Port.

The Mombasa Port would cater for the southern part of Ethiopia and connect the country to the East African Community (EAC) market. Additional terminals are being constructed at the Mombasa port to increase capacity, and the road from Mombasa to Mariakani will be expanded to four or six lanes.

Ethiopia's international trade has been facing multiple challenges including shortage of transportation and poor management and co-ordination in the logistics system. *(TEA, 11.04.15)*

Kenya: Raising Voice Traffic

In June 2013, Uganda introduced Sh7, Tanzania Sh10, Rwanda Sh9 and Burundi Sh13 levies on any calls made by Kenyans while roaming or directly calling from the country. Kenya has been pushing for introduction of a common termination tariff. The East African Community Heads of State initiative 'One Area Network' has also resulted in the rise of voice traffic within the region.

It has also reduced the cost of doing business, which is in line with the regional integration efforts. The latest sector report by the Communication Authority of Kenya (CA) has revealed that the number of outgoing voice minutes rose by 24.4 percent to 17bn minutes, up from 14bn in the previous quarter. The number of calls from the neighbouring countries also went up by 8.2 percent to 20bn minutes from 19bn. *(BD, 09.04.15)*

Initiating Amended Rules

Willard Mwemba, the head of Mergers and Acquisitions for the COMESA Competition Commission has confirmed that COMESA will introduce amended rules to COMESA Competition Regulations.The monetary threshold would only be met when combined annual turnover or value of assets (whichever is higher) of the merging parties in the Common Market equals or exceeds US$50mn and where each of the merging parties have an annual turnover or asset value in the Common Market of at least US$10mn.

The filing fee earlier was calculated at 0.5 percent of the combined annual turnover or combined asset value of the merging parties capped at a maximum fee of US$500 000. It would be calculated at 0.1 percent of the combined annual turnover or combined asset value (whichever is higher) of the merging parties capped at a maximum fee of US$200,000.

(www.ensafrica.com, 17.04.2015)

Growing Sub-Saharan Economy

"Sub-Saharan Africa's economy is set to register another year of solid economic performance with growth expected to expand 4.5 percent in 2015. That said, the expansion will be at the lower end of the range registered in recent years, mainly reflecting the adverse impact of the sharp decline in oil and other commodity prices. The effect of this shock will be quite heterogeneous across the region. The region's eight oil exporters will be hit hard and, with limited buffers, are expected to effect significant fiscal adjustment, with adverse implications for growth.

For much of the rest of the region, near-term prospects remain quite favorable, with many countries benefiting from lower oil prices – although, for a number of them, this positive effect will be partly offset by the decline in the prices of other exported commodities.

Notable exceptions are South Africa, where growth is expected to remain lackluster, held back by continuing problems in the electricity sector, and Guinea, Liberia, and Sierra Leone, where the Ebola outbreak continues to exact a heavy economic and social toll.

(cpahq, 19.06.15)

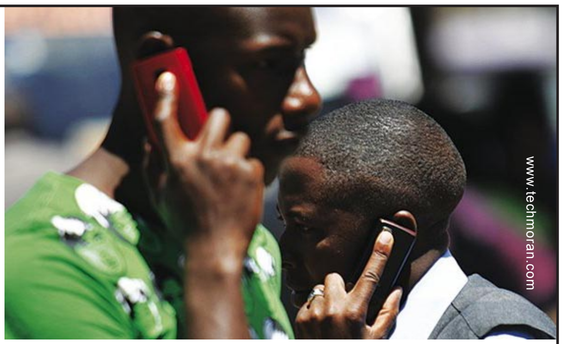
AU-SADC Trade Plans

A South African Development Community (SADC) consultative discussion on the Continental Free Trade Area and Intra-regional Trade was held on May 30-31, 2015 in Gaborone, Botswana. Participants from the African Union (AU) Commission, the SADC Secretariat and the United Nations Economic Commission for Africa (UNECA) assembled to discuss intra-regional plans in the context of the Continental FTA (CFTA), which is currently underway.

Fatima Haram Acyl, Commissioner for Trade and Industry, said, "There is a consensus on functional regional FTAs, which provides a strong basis for the implementation of the Continental Free Trade Area, it is for this reason that we see a lot of value in supporting the implementation of SADC FTA and in the tripartite initiative of COMESA-EAC-SADC to establish FTA by 2014".

(ICTSD 19.06.15)

MNP Policy across ECOWAS



Telecommunication experts and regulators from ECOWAS countries met in Accra to study Ghana's successful implementation of the mobile number portability (MNP) policy. The study would help the stakeholders to effectively implement similar policies in their respective countries.

The Executive Secretary of The West African Telecommunications Regulators Association, El Maman Laminou, said that the discussion was an opportunity for the participants to familiarise themselves with how the successes of Ghana were achieved, as well as challenges that were encountered.

The Deputy Director General for the National Communications Authority (NCA), Albert Enninful, said that MNP has become an essential tool for deepening healthy competition in the telecommunication industry because it provided the customers a unique opportunity to move from one operator to the other without changing their mobile telephony numbers. *(DG, 10.06.15)*

Renewable Energy for Africa

African Governments, investors, and international financial institutions must significantly scale up investment in energy to unlock Africa's potential as a global low-carbon superpower, according to a new report from Kofi Annan's Africa Progress Panel, Power, People, Planet: Seizing Africa's Energy and Climate Opportunities.

Moreover, the report calls for a ten-fold increase in power generation to provide all Africans with access to electricity by 2030. This would reduce poverty and inequality, boost growth, and provide the climate leadership that is sorely missing at the international-level.

The report reveals that households living on less than US$2.50 a day collectively spend US$10bn every year on energy-related products, such as charcoal, kerosene, candles and torches. This is a significant market failure. Low-cost renewable technologies could reduce the cost of energy, benefiting millions of poor households, creating investment opportunities, and cutting carbon emissions. *(www.southafrica.info, 08.06.15)*

Zambia: Consume with Care

The World Environmental Day is an annual global event celebrated on June 05 every year. This day aims at reminding people the world over of the importance of preserving the environment for human survival. In 2015 Zambia observed the event under the theme '13 Million Dreams Zambia Consume with Care'.

In Copperbelt, hundreds of people had gathered at Kalulushi's Independence Stadium as Provincial Minister Mwenya Musenge elaborated the Zambian Government's interventions aimed at the preservation of nature. Stakeholders from Government and the private sector mounted a colourful march-past from the civic centre to the stadium.

"The World Environment Day is the United Nations' principal vehicle for encouraging worldwide awareness and action for the environment", Musenge stated. *(ZDM, 19.06.15)*

Safaricoms Dominance

Telecom operator Safaricom has received crucial support in its war with the Communications Authority of Kenya (CA), which wants to automatically declare it a dominant player in the market. Safaricom controls 67.4 percent of Kenya's telecoms market, Airtel, its closest rival, has 22.6 percent market share while Orange has 10 percent, according to CA's December 2014 statistics on subscriber numbers.

Declaring Safaricom dominant would put it in a more restricted business environment with additional obligations on transparency, marketing and product pricing.

The Competition Authority of Kenya Director Kariuki said that subjecting a business to restrictive regulations without proving abuse of dominance rubbishes the tenets of competition law and international best practice. The Director argued that, in line with international best practice, the CA should first conduct a market review of the telecom industry to prove abuse of dominance before introducing any stiff regulations. *(BD, 27.04.15)*

Firms to Set Own Prices

The Government of Ghana has decided to wash its hands off the pricing of petroleum products. This means that the Bulk Oil Distribution Companies (BDCs) and Oil Marketing Companies (OMCs) will, before August 2015, price their own products.

The strategy, which is the final phase of Ghana's petroleum downstream deregulation policy, would result in the cessation of subsidies on fuel products.

The Chief Executive of the National Petroleum Authority (NPA), Moses Asaga, said that "the increment or decrease of petroleum prices will no longer be the preserve of the Government but will be determined by market forces that will take into consideration the international price of crude oil, the foreign exchange rate, the fall or rise of the cedi, import duties, taxes and other factors. *(DG, 02.06.15)*

Farmers Await Subsidies

The National Farmers and Fishermen Award Winners Association of Ghana (NFFAWAG) has appealed to the Government of Ghana to release fertiliser subsidies for 2015. It stated that most fertiliser companies had stopped supplying subsidised fertilisers due to the delay in the release of subsidy amounts owed them.

The Chairman of NFFAWAG, Davies Korboe, said that the situation had forced farmers to buy fertilisers at high prices on the open market. As a result, the farmers in the southern and middle belts of Ghana are likely to record low yields.

He added that the farmers were excited when it was announced that 180,000 metric tons of granular fertilisers were to be subsidised for the 2015 farming seasons but with the current situation, farmers were compelled to buy fertiliser at between GH¢120 and GH¢130 on the open market. *(DG, 26.06.15)*

Impact of Digital Switch-off

More than 1.3mn Kenyan households remained in television blackout as the global analogue switch-off deadline had passed. Communications Authority of Kenya announced that only 2.2mn households had acquired the set-top boxes out of the 3.5mn households estimated to own television sets.

The Director of the Authority attributed the huge number of people who remain in television oblivion to poor distribution of the set-top boxes across the country, especially in remote rural areas. The availability and affordability of the set-top boxes was a core part of the media owners' request for more time to migrate – a request the CA and Information Ministry vehemently opposed.

Many countries around the world, including the United States and South Africa, recognised the cost of set-top boxes as a major obstacle to the migration of poor households to digital TV and offered them a subsidy to help them acquire the gadgets. *(BD, 18.06.15)*

Social Media Protected Consumers from Safaricom Tyranny

Rosebella Akinyi Oiro*

Any seasoned marketer will not only focus on increasing the market share of their business but retaining it as it grows. Retaining the market share of a business is the focus of most dominant market players and this is attained by creating customer loyalty. Nakumatt, a Kenyan supermarket chain, for instance, began a smart point programme where buyers are awarded points that they can use to purchase goods each time they shop there. This creates loyalty in that, as a customer, one will always want to be able to buy goods with the 'extra income' from the points.

As businesses increase their market share and create loyalty, some may start to abuse their market dominance, hurting consumers or other market players in the process. It is this factor therefore that motivates every government worth its salt to create agencies that ensure that the consumer is protected and the principles of competition prevail in the market.

Kenya is among the few nations in the world with a number of agencies charged with the role of consumer protection. In telecommunications, the Communications Authority of Kenya, (CA) is the sectoral authority on consumer protection. It mandated to oversee the players in the telecom market while protecting consumer's rights.

Besides, there is also the Competition Authority of Kenya, charged with consumer protection in the various markets, and the Kenya Consumer Protection Advisory Committee.

However, there has been a deafening silence when it comes to protecting consumers in a number of cases where their rights are being infringed. A case in point is Safaricom, in the telecommunications sub-sector.

Official reports, such as the Quarterly Sectoral Statistics of October-December 2014, prepared by the CA, indicate that Safaricom has 22.6mn out of the total

Safaricom is a significant player in the telecom market, whose actions have a deep impact on the consumers

33.6mn mobile phone subscribers in Kenya. According to the report, it has a 67.4 percent market share. This shows Safaricom is a significant player in the telecom market, whose actions have an impact on the consumers.

Safaricom has recently changed its terms and conditions on data bundles by putting a cut back on the validity period to 30 days on each bundle bought, affecting a large number of pre-paid subscribers.

In simpler terms, the consumer will lose money for paid for, but unused bundles while the service provider would gain profits for services not rendered.

Similarly, Safaricom revised its terms and conditions in late April of its loss-making Karibu post-paid service that had been running, since 2011 with slightly more than 140,000 subscribers. All accumulated unused tariff bundles would be lost if not used by the end of May. This, therefore, meant the operator would benefit as consumers lose money from the loss of services already paid.

Kenyans expected the agencies charged to protect consumers to exercise their powers and castigate the service provider for infringing on their rights and abusing its market power, but these remained silent.

However, as many writers have said, "ignore social media at your own peril". And given that nature abhors vacuum, social media stepped in to play the role that ideally should have been the consumer protection agencies'.

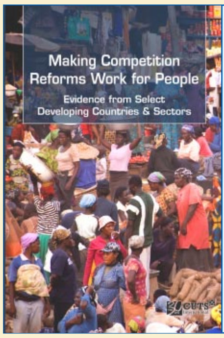
The uproar on social media championed by the likes of Robert Alai and many vexed Safaricom subscribers saw consumers rally themselves petitioning to take legal action against the operator. This had a positive impact because clearly the mobile operator succumbed to the pressure and reversed its decision in the two instances.

This simply shows the consumer protection agencies should take action when such cases arise. Similarly, the CA can use the two cases to prove that Safaricom is abusing its dominant position, following the recent disagreement between the CA and the Competition Authority, where the latter argued that Safaricom could not be declared dominant until there is evidence that it is abusing its position. The CA wanted to develop regulations that would see Safaricom declared a dominant market player.

The consumer protection agencies need to step up in playing their role as opposed to letting the consumers fight for themselves in the best way they know how through social media.

* *Works for CUTS International, Nairobi. This article was published on May 22, 2015*

Announcements and Publications



A New Report

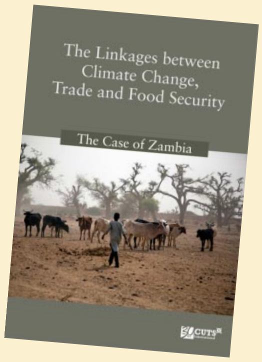
CREW Synthesis Report Launch in Geneva

The Synthesis Report of the project entitled 'Competition Reforms in Key Markets for Enhancing Social and Economic Welfare in Developing Countries project (CREW Project, www.cuts-ccier.org/crew) would be launched in Geneva on July 08, 2015. The report would be launched in reception by Amb Guillermo Valles, Director, UNCTAD.

This (Synthesis) Report presents common lessons emerging from the project countries: Ghana, India, the Philippines and Zambia. This project is being undertaken by CUTS with support from DFID (UK) and BMZ (Germany) facilitated by GIZ (Germany).

Publications

The Linkages between Climate Change, Trade and Food Security – *The Case of Zambia*



Climate Change has posed considerable threats to food security in Zambia specifically given that the resulting extreme weather conditions, such as drought and heavy rains have destroyed much of the crops. Food prices soar, making it impossible for most of the population to afford food. It is clear from the recent revelations in this research and similar studies conducted by CUTS International in East Africa that the linkages between climate change and food security have to date, largely been explored in relation to impacts on crop productivity and hence, food production

By means of this study, policy-makers in Zambia would be better informed so as to should ensure that there is always policy coherence, with clear spelt out linkages, among the three issues either at evolution or implementation level of these policies.

http://www.cuts-international.org/ARC/Lusaka/pdf/The_Linkages_between_Climate_Change_Trade_and_Food_Security_The_Case_of_Zambia.pdf

Policy Brief

PAY UP! International Tax Issues in Africa

Governments use domestic resources to meet set development goals. As countries continue to lose tariff revenues due to global and regional trade liberalisation agreements; and offer tax concessions to foreign investors, it is Imperative that citizens hold their authorities accountable for wastage and unfairness in tax administration as well as question certain tax concession deals. This Briefing Paper presents tax issues in Africa including tax issues in Africa including tax evasion, illicit financial outflows and tax competition and what can be done to stop tax money from disappearing into thin air.

http://www.cuts-international.org/ARC/Nairobi/pdf/PAY_UP_International_Tax_Issues_in_Africa.pdf

Our Twitter Handle (@cutsafrica)

@cutsafrica Jun 29: CUTS successfully organises training workshop on #Consumer #Protection for #Gambia's policymakers & regulators in Banjul, with #GCCPC

@BillGates Jun 10: Mobile banking is a critical tool in the fight against poverty and Africa is leading the way: http://b-gat.es/1KnX6wF

@cutsafrica Jun 9: Why stopping 'illicit financial flows' from Africa is critical to financing for development? @ECA_OFFICIAL report

@cutsafrica May 27: #Second-hand #clothes trade killing #textile firms across Africa. Can African textile be made competitive? @AfDB_Group #AfDBAM2015 @jumu

@UNIDO May 26: SDG Negotiations: How We Can Make Sustainable Development Happen http://huff.to/1GpoHfP @HuffPostGreen #action2015

Sources

AEO: Africa Economic Outlook; BD: Business Daily; B&FT: Business & Financial Times; CPAHQ: Commonwealth Parliamentary Association Headquarters DG: Daily Graphic; DN: Daily Nation; ICTSD: International Centre for Trade and Sustainable Development; TEA: The East African; ZDM: Zambia Daily Mail; ZE: Zambian Economist

Tradequity newsletter: Composed by **CUTS International Lusaka**, Plot 3653, Mapepe Road, Olympia, P.O. Box 37113, Lusaka, Zambia, Ph: +260.211.294892, Fax: +260.211.294892, E-mail: lusaka@cuts.org, **CUTS Nairobi**, Yaya Court 2nd Floor, No.5, Ring Road Kilimani off Argwings Kodhek Road, PO Box 8188, 00200, Nairobi, Kenya, Ph: +254.20.3862149, 3862150, 20.2329112, Fax: +254.20.3862149, Email: nairobi@cuts.org, **and CUTS Accra,** 30, Ground Floor, Oroko Avenue, Near Central View Hotel & ATTC, Kokomlemle, Accra, Ghana, Ph: +233.30.224.5652, accra@cuts.org. Published by **CUTS International, Head Office:** D-217, Bhaskar Marg, Bani Park, Jaipur 302016, India, Ph: 91.141.2282821, Fax: 91.141.2282485, E-mail: cuts@cuts.org, Web Site: www.cuts-international.org

CUTS International