

Coming Together is a Beginning; Keeping together is progress; Working together is success

THE **TAN** ALUMNI JOURNAL

FEED THE HUNGRY, AND THINK AHEAD

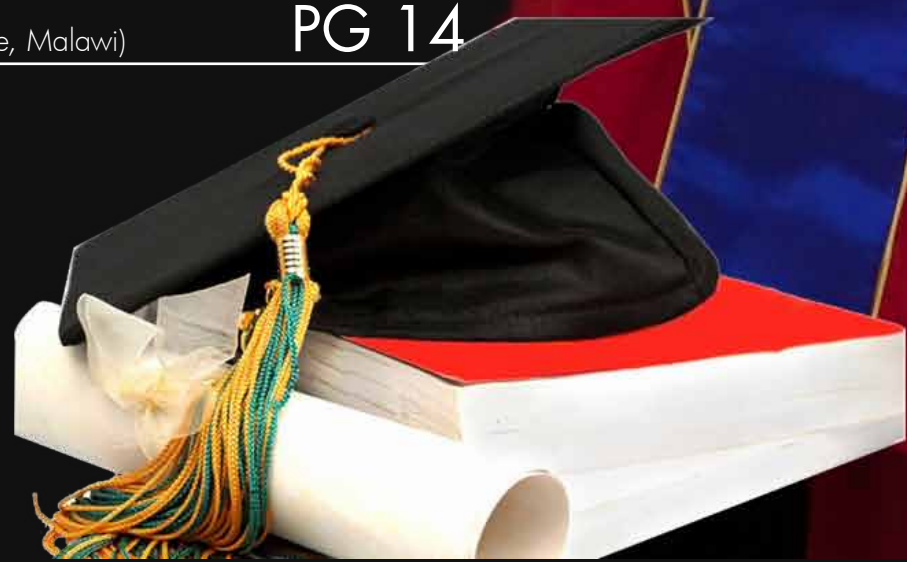
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WELCOME TO THE SECOND ISSUE OF THE **TAN** JOURNAL

Prepared for (and by) members of

The **TRAPCA** ALUMNI NETWORK (**TAN**)

Our motto: Coming Together is a Beginning; Keeping together is progress; Working together is success

This Issue is Dedicated to

ESAMI





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MESSAGE FROM trapca

Dear Tan members,

Greetings from Arusha, Tanzania.

Congratulations for growing an initially fuzzy idea into a discussion forum that provides a platform for motivating and tapping into the competences among the trapca alumni. We at trapca are glad to observe that the analytical competences instilled in you through the trade policy capacity building initiatives are being reflected and enriched in this forum. This initiative fosters intellectual and emotional ties between the alumni and trapca.

It is worth noting the keen interest of the issues surrounding the trade policy discourse as reflected by the articles in your second edition. The trade policy initiatives within the bilateral, regional and multilateral contexts present a rich opportunity for debates and analytical input for which the alumni contribution is greatly desired.

The implications arising from stalled Doha Development Agenda, the EU-ACP economic partnership arrangements, the increasing presence of the emerging economies in the trade scene of sub-Saharan African countries to the ongoing tripartite FTA negotiation process indicate that the policymakers are increasingly thirsty for policy direction as they grapple with ramifications of these occurrences.

The good news is that trapca has put in place a capacity building framework that feeds that ever growing skill and analytical needs in the context of trade policy. This framework is tailored to reflect the dynamics of the international trade spectrum. The Centre offers an enriched menu that includes the needed skill and analytical competences through both the training programmes and trade policy dialogues. Four level training programmes in trade and trade policy to professionals involved in trade-related activities are on offer. These encompass a level 100 foundation course; certificate in international trade and development lasting four weeks; level 200 one-week workshop-type training on topical trade policy issues targeting senior trade officials; level 300 specialised two-weeks course on topical issues in trade and a level 500 Master of Science in International Trade Policy and Trade Law course lasting two years. These are complemented with key forums that bring together trade experts, practitioners and policymakers to deliberate on pertinent trade policy issues.

From the trapca family, we believe the door is wide open for you to continually enrich your competences and shape the direction of the trade policy discourse in general and particularly in the region and your countries. We wish you the best and a widened tap into the contributions of the growing trapca alumni.

Caiphas Chekwoti, Ph.D
Trade Policy Expert, TRAPCA



World-class training
in trade policy &
trade law.





FEED THE HUNGRY, AND THINK AHEAD.

By Andrew Othieno (Kampala, Uganda)

// "Feed the Hungry" has become a household theme not only for international development practitioners, but also for charitable institutions and human rights organisations. The global food crisis has indeed become a loud cry for all aspects of the world's attention. Since 2006, prices of major food crops such as wheat, rice, corn, and soy beans have undergone severe upward fluctuations. These price rises are threatening hunger, mass-starvation, and deep poverty for millions across the globe.

This year (June, 2011) Oxfam reported that within the next 15 – 20 years the price of staple foods will be twice as much, and this could lead to an unparalleled setback in overall human development. It was also noted that the hardest hit will be LDCs where people spend a significant portion of their income on nutritional sustenance. It was also made clear that the world is entering an era of what could possibly be a permanent food crisis, which is likely to be accompanied by political unrest and will require radical reform of the international food system. According to their statistics, research projections show that international prices of staples such as maize could rise by as much as 180 % by 2030, with half of that rise due to the impacts of climate change. The resolute conclusion is that the number of hungry people around the world is rapidly increasing as demand outpaces food production.

Jeffrey Sachs, one of the world's foremost economists, put it bluntly by pointing out that the root cause of this problem is the fact that world leaders failed to think ahead. He added a cautionary note by stating that we will have to start thinking ahead, and acting globally. I fully agree with him, but looking at this food-oriented

problem from an African perspective; I think we – Africans – should, in the short-term, start acting regionally prior to lobbying, in the long-term, for fusion into a global food drive that is geared towards averting the problem.

From an all-inclusive perspective, however, prior to efficiently mapping out long-term strategies through which key policy options will be established, it is necessary not only to clearly understand the primary causes of this debacle, but also to recognise the stark reality of its impact on global citizens, especially the most vulnerable. An outline of these causes, how they have had an impact thus far, and key policy options to prevent it from happening will be briefly outlined below.

Low productivity of farmers in poor countries has been one of the primary causes. It is necessary to recognise the fact that the looming energy crisis is closely related to the issue at hand. A simultaneous increase in oil prices has hampered the ability of farmers in poor countries, that is, in regard to much-needed amenities such as fertilizer, transportation, and irrigation.

A high increase in the global population is also a factor to be considered. This has inevitably created a conflict between market forces of increasing demand, and decreasing supply from the food system. On that note, it has been predicted that Africa's population will more than double by 2050, which could invoke an enormous catastrophe for the African continent as a whole.

Climate change has also been highlighted not only as one of the causes, but also an impending global crisis in itself that should be deciphered. Drought in several major grain-exporting economies such as Australia also

decreased production within a very short period.

Also, what most scholars have dubbed a “misguided” policy in the US and Europe can be blamed for the debacle. The US and the EU have adopted trade policies through which domestic grain-producing companies are subsidised to convert grain into ethanol. Trends have clearly shown that this subsidisation policy has created unfair competition and adverse proclivities on the market. Martin Wolf (also a Senior Economist on the world stage) makes a fair conclusion by pointing out that rich countries are penalising poor net-importing countries by encouraging, or even forcing, their farmers to grow oil instead of food.

The major impact of the current food crisis has been social unrest. As the saying goes; “a hungry man is an angry man”! This trend could lead to political instability and have long-term effects for nations that are still fragile economies. In the recent past there have been riots in Africa (Haiti, Burkina Faso and Egypt), and in Asia (Bangladesh, and the Philippines). These events have been powder-keg for other countries to explode in the same way. Should this unrest spread, overtime it could gain momentum towards highly volatile levels that will eventually undermine and reverse large-scale economic growth.

In addition, it is necessary to acknowledge the fact that soaring oil prices are closely interlinked to this unrest,

because they are hampering basic livelihoods within nations that are mainly agro-based economies. Desmond Tutu (a highly respected and globally renowned humanitarian activist) recently made a statement that a number of wars are being fought because people are hungry. What are currently considered to be nothing more than pockets of violence could escalate to extremes that will eventually prove him right.

Policy options that will create foundations upon which change can be ushered in, i.e., to prevent the same from happening in future, can be addressed from three vantage points; (i) humanitarian aid, (ii) trade policy interventions, and (iii) long-term productivity. However, by addressing this issue from the humanitarian vantage point; simply providing aid by increasing funding to organisations such as WFP to feed those who have been hardest hit will obviously be well-intentioned, but in the long-term it will NOT solve the problem. I am a strong proponent of development ideology stemming from the philosophy that if you “give a man a fish he eats for a day, but if you teach a man to fish he eats for a lifetime,” which speaks for itself in more ways than one.

One of the long-term policy options is to encourage investment in agriculture. Training and empowering farmers in the third world should be exclusively prioritised, and high on the agenda. Sensitisation on how to not only “initiate” and “implement”, but also “evaluate” and “sustain” more efficient farming methods will expand





long-run supply. This could also provide the much-needed resources for agro-based research, which will eventually encourage developing nations to move towards genetically modified agro-produce, and utilise what is currently unused yet potentially productive land. Developing nations should also be offered assistance to decipher not just national but also regional economic strategies that will harness more cooperation, and reduce unnecessary competition.

A global population that is currently “mushrooming out of control” is also a fact that cannot be ignored. Therefore, it is urgent to take note of warning signs that forecast even larger numbers in the near future. African countries, for example, should be encouraged to adapt national policy agendas that increasingly address family planning and encourage girls’ education. They should also be encouraged to integrate more rapidly (...but vigilantly!) towards mutually agreeable agro-based solutions and initiatives. This will curb the eerie threat of an even larger percentage increase, and ensure multilaterally protected food security in future.

Trade policy intervention strategies that will urge rich nations to reconsider bio-fuel subsidisation programmes should also be enforced. This will increase supply, and create a level playing field for farmers worldwide. In the same vein, it will also be necessary to look into the looming energy crisis and, while doing so, enact a global climate policy.

Ultimately, the food and energy crises have become a confluence of unfavourable events. It would be wise to find ways to reduce green house emissions, and all its adverse effects, well before the “time-bomb” explodes. Sachs put it well by stating that we urgently need to weatherproof the world’s crops as soon and as effectively as possible.

Retrospectively, it is worth highlighting the fact that no other continent in the world has more fertile, more extensive, and more fallow yet cultivable land than Africa. Therefore, what may seem to be a looming crisis for the world could indeed – paradoxically – be an economic opportunity for Africa. However, for African countries to strategically seize this opportunity (should it, fortunately or unfortunately, come around) will require that they jointly and purposefully amalgamate their national agricultural policies, and start foresightedly thinking ahead from concrete regional perspectives.

A brief regionally-oriented case study could be the East African Community (EAC), which comprises five states, i.e., Kenya, Uganda, Tanzania, Rwanda, and Burundi.

In its most recent newsletter (‘The Community,’ July, 2011) it is clearly stated that the EAC recognises the fact that it is a region endowed with a huge potential to produce sufficient food to feed itself, yet the region is frequently affected by food shortages and pockets of hunger as presently depicted by the current crisis in Kenya. The EAC region is adequately endowed not only to appropriately feed its own, but also to salvage those in need (within the region), and even export food surpluses to world markets. Bearing that in mind it is unfortunate that in the last 25 years Kenya has experienced recurrent drought, but what is currently being faced, especially in the marginalised areas commonly known as the Arid and Semi-Arid Lands (ASALs), is the worst in 60 years owing to failed rains of 2010 and 2011. The situation in Kenya has been seriously exacerbated by increasing fuel and food prices, which have left the Kenyan government with no other option but to declare the drought a national emergency (announced May 30th, 2011).

Oxfam and the Institute of Development Studies (IDS) report that the 2011 rise in food prices is affecting poor people not just in the ASAL areas, but also in slum areas of Nairobi such as Mukuru where people have inevitably resorted to skipping meals, and eating fewer and lower quality food to cope. Technically, East Africa is a region that should be abundantly endowed with surplus food reserves, but considering current trends; what could have initially been an opportunity is slowly but surely manifesting as a challenge.

However, all five EAC member states have taken the regional vantage point to reverse this situation by enacting the EAC Food Security Action Plan (2011-2015) and endorsing the EAC Climate Change Policy, through which the region as a whole is set to embark on a number of priority interventions that are ultimately expected to improve food availability, facilitate access, and ensure stability of supply to the best extent possible. The EAC “Action Plan” outlines strategies to increase food availability in sufficient quantity and quality by increasing crop, livestock, and fisheries productivity not just by improving technology using inputs that are adaptive to climate change impacts, but also by scaling up the efficient use of water for agricultural production.

It is reported that the “Action Plan” is estimated to cost \$43 billion over a five-year period, and will be implemented by Partner States’ Ministries responsible for Agriculture, Food Security, and respective sector Ministries, while the EAC Secretariat will co-ordinate the implementation of joint programmes. The plan will be implemented in tandem with EAC’s “Climate Change Policy,” which is

being put into effect by the recognition that food insecurity is likely to be exacerbated by climate change.

The EAC and member states' intentions, through this plan, is to enhance its intra-regional trade-share in the food products market from the current 10 % to 30 % by 2015, while also strategically improving the utilisation of non-conventional sources of food supply that stem from crop, livestock, fisheries, and forestry systems. With an "umbrella" over the region as a whole, the plan also proposes an improvement of capacity for emergency preparedness and adaptation to climate change impacts in order to improve access and stability of food supply while simultaneously enhancing nutrition and food safety.

It is from well-concerted regional perspectives such as these that African countries will be able to feed their hungry, plan for the future, neutralise social unrest before it occurs, and counter "misguided" policies arising from elsewhere. This can happen only if these multilateral arrangements are properly "initiated" with all the necessary political-will; "implemented" with the right strategies; constantly "monitored and evaluated" with apt technical skill; and "sustained" with the aptitude required to ensure long-term sustainability. On a much lighter note, and

from a peripheral political perspective on this issue, one cannot help but bring to the fore the fact that the notion of the nation-state in Africa is old and outdated! There are still many crises looming on the horizon, and Africa's safest bet is the protective sanctuary and economic reassurance that is offered and guaranteed by combined regional strength.

Summarily, in comparison to middle income and advanced economies, irrespective of the fact that the African continent has the most fertile land, African countries would be hardest hit by an enormous food crisis, and – even more so – their recuperation from such an injury would be a painstakingly more arduous if not almost impossible task. Therefore, even as they labour to feed the hungry based on lessons learned from yesterday, African countries should – in close collaboration with each other (as currently illustrated by the EAC) – precaviously go the extra mile, work overtime to strategically think – today about tomorrow – and jointly lay solid foundations upon which they will be able to raise their safeguards in a well-timed manner – for quick response and quick recovery – so as to turn a situation that could potentially be an environmental crisis into an economic opportunity.





THE ECONOMIC PARTNERSHIP AGREEMENTS: A Reflection.

By Kelvin Kamayoyo (Lusaka, Zambia)

Economic Partnership Agreements (EPAs) can only be equated to the awful Structural Adjustment Programmes (SAPs) that were prescribed to most African countries in the early 1990s by the World Bank and the International Monetary Fund (that is, multilateral policy institutions) because of its object and possible adverse effects on the African continent. It is no longer a secret that SAPs had severe economic and social consequences on the continent than the articulated and anticipated outcomes of the implementation of robust reforms, which impacted on both the political and economic fronts. Indisputably, SAPs brought about rapid liberalisation of many economies irrespective of the level of their preparedness in regard to implementation capabilities and capacities.

Undoubtedly, some of the notable changes that came with the SAPs were an introduction of pluralistic politics, a configuration of economic systems from either a Socialist or Communist arrangement to presumably transparent market-oriented economies, and also adoption of non-conservative trade policies to permit smooth trade flows across borders.

Despite these developments, SAPs could not keep back its inherent “weapon of mass destruction”, hence most the countries that implemented such reforms found themselves trapped in an economic guerilla war which brought about a massive exodus of previously viable state-owned institutions, loss of jobs instead of job creation, pressure on public institutions to provide social services in urban areas as the rural-urban drift escalated uncontrollably. It is against this background that a conclusion could be drawn that there is a thin line between EPAs and SAPs in respect of the two approaches objectives and effects, especially as evidenced by the latter’s performance in Africa.

Therefore, EPAs are, in some way, SAPs “plus-plus”.

Observably, it will continue to be a nightmare to successfully conclude EPAs especially with the Eastern and Southern Africa Group (ESAG) for as long as the negotiating environment continues to be marred with an adversarial and slow pace of the formation of COMESA–EAC–SADC Tripartite Regional Framework, which – on its own – appears to be very complex. The adversarial approach in the EPAs negotiating arena could be attributed to the European Union (EU), because of their reluctance to compromise on certain demands advanced by the ESAG regarding the development cluster and removal of the Most Favoured Nation (MFN) status, *inter alia*. EPA negotiations between the EU and ESAG commenced over six (6) years ago, but the EU group has continued to exude a competitive, not principled, style of negotiations. In the whole, adversarial tendencies are certainly not helping to create a progressive and conducive negotiating environment for the EPAs. As a result, it appears that the momentum of EPA negotiations has been rapidly decelerating, and the danger is that the process may become an academic exercise. The EPAs have been experiencing a sluggish pace due to a lack of a credible diplomacy, and huge economic disparities between the EU and most ESAG countries.

The EU’s “competitive negotiating style” is not healthy for the success of the proposed new and reciprocal trade arrangement between the EU and over 10 ESAG countries. This style of negotiation, which is being exhibited by the EU, is often inherent with cut-throat rivalry, egoistic bullying, and adversarial tendencies towards the weaker party. Another observation is that the EU seems to believe they have the Best Alternative to a Negotiated Agreement (BATNA) when in fact this is not so, because they need the ESAG’s rapidly growing markets specifically in secondary products, and extraction of raw materials. Therefore, the EPAs are destined to foster both backwards and forward linkages, and as such they

cannot afford to lose the package. It can also be argued that the EU's competitive or bullying negotiating style could be portrayed as seemingly indifferent, that is, in their consideration of pertinent issues or positions that the ESAG are placing on the negotiating table. For instance, the EU have consistently bargained for the inclusion of the MFN Clause and have been lethargic towards compromising on the inclusion of an expanded and predictable trade development assistance programme that can help the ESAG rapidly deal with the existing supply side constraints.

Apparently, it is common knowledge that MFN clause has the potential to limit ESAG policy flexibility in future negotiations with third party countries such as China, Brazil and India. The EU must understand that without extending substantial amount of trade development assistance to ESAG, the economic reality of a win-win situation is not likely to be achieved.

A word of advice to the EU is that they should immediately change their negotiating style and adopt one that is inclined towards principled negotiation. This would prove to be mutually beneficial in such a way that it will restore hope and confidence among the ESAG who are currently negotiating the EPAs. It is obviously very unfair for the EU to continue taking advantage of the "variable economic geometry" among the ESAG by arm-twisting the ESAG negotiators, and imposing positions that specifically influence the timeframe, concepts, and legal text contextualisation.

Furthermore, it is no longer astonishing to see the EU acting as competitors in the EPAs, because even within the Doha Development Round they are hesitant to discuss tariff cuts and the treatment of sensitive products on market access. Without doubt, free trade theory or discipline permits a member state to enjoy policy space so as to accord unilaterally differentiated preference to a third country which is not a party to the trade arrangement, and therefore any proposal such as the MFN Clause that intends to move away from that theory would certainly inhibit the ability of ESAG to award new and more favourable preferences to new trading partners around the globe. On that note, why is the EU insisting that ESAG should embrace the MFN Clause when such a clause has the potential of limiting the policy flexibility of most ESAG countries?

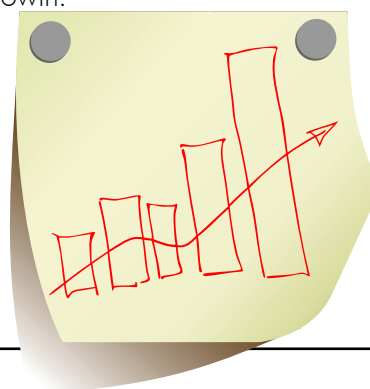
It is now a common secret that every negotiation process is, in one way or another, based on "give and take" and compromise although this can sometimes cause fatigue/stress, unnecessary sophistication, and – at times – preventable time consumption. Furthermore, it is high

time the ESAG countries individually and collectively, as a region, took stock of their respective comparative advantage(s), and use this as a bargaining tool. For instance, most ESAG have huge demand for secondary products; therefore, the question is "how can the EPAs help stimulate domestic production of such products so as to equilibrate demand and supply especially by way of fostering economic diversification, and/or industrialisation processes?". ESAG should link their existing national development plans and industrial policies to the EPAs negotiations if they are to graduate from predominately primary products, to secondary or manufactured products.

Furthermore, the ESAG must be aware of the fact that given the magnitudes of their current economic structural transformation; a reciprocal trade concept can only be achieved theoretically, and not empirically, because most of their indigenous investors are not only still in their infant stages, they are also riddled with empty bags of capital finance that are capable of aiding them to beneficially penetrate EU investment markets.

One wonders whether an investor from the ESAG can ever preoccupy him/herself with the thought of investing in EU markets. Reciprocity will never benefit ESAG, because there are significant variations in cost structures between EU and ESAG upstream markets compounded by a lack of common monetary policy, which triggers exchange-rate differentials. Besides, why should ESAG commit to reciprocity when their citizens do not have the capacity to invest in EU markets particularly through Mode III (commercial presence) and Mode IV (movement of natural persons), and all that happens is that they continue to suffer from the EU's rigid non-tariff barriers regarding employment requirements?

Finally, this argument conclusively urges both the EU and ESAG to continue negotiating for EPAs settlements that are pro-developmental in terms of "decent" and "productive" employment generation, because this is the major objective of any economic growth model. They should also negotiate for agreements that provide sufficient policy space for ESAG to be able to freely implement economic policies that will unreservedly stimulate more export-led growth.





CHINESE IN AFRICA HAVE COME TO STAY. So what Next?

By Kelvin Kamayoyo (Lusaka, Zambia)

The Chinese investment approach must be critically studied, because their economic system is typically different from most, if not all, of the World Trade Organisation (WTO), especially because they are still Communist/Socialist in nature in such a way that government still has a significant role in business. This entails the fact that Chinese investment is likely to benefit from well-crafted or packaged national finance subsidies. Ultimately these subsidies could be trade distorting, particularly if their beneficiaries penetrate a country that has no formidable trade and investment policies.

Most WTO member states have embarked on capitalism with adherence to jump-start liberalisation transformation. Therefore, the extent to which the Chinese are pursuing this agenda should be subjected to serious debate! For international trade to prevail fairly, there is a need to allow individual private sector players to participate and compete among themselves in a way that is different from competition amongst agencies or companies whereby substantial shareholding is controlled by government(s). Indeed, the WTO must undertake a study to review the recent role of state owned companies in global liberalisation, and how fair trade can be achieved in the midst of such practices. Let us study the challenges that come with the GATS Agreement at WTO, especially the movement of commercial presence or, in WTO jargon; “Mode III”, especially when seeing it from Africa’s context.

The Chinese acceded to WTO membership in December, 2001, under a pressured and comprehensive debate and process. I strongly believe that some research studies on Chinese foreign policy have been conducted, which

could help us further understand the Chinese people’s approach. However, from the few research papers I have come across, especially one done by Diakonia in UK, I have come to believe that it is somewhat difficult to manipulate their foreign direct investment entry or penetration approach into Africa, let alone yield – in the long-term – a win-win situation from their investment. They seem to have a non-interference approach in the governance of their host country. They also engage minimally in social sector participation.

They also have a strict business approach but even when one is strictly for business, there is need to safeguard the circular economic flow in order to sustain economic growth. By this I mean a cooperating partner could still offer advice, which can either be taken or rejected! If you do not sustain the circular flow then tomorrow’s demand could have diminished as economic agents are incapable of participating unless your approach is one of extorting resources, and selling products elsewhere (not in that host country). Check the Chinese investment carefully, especially in Africa, and call for positive political-will or a mindset that is pro-poor and development-oriented.

The Chinese will never come to think for Africans on how they can develop their economies. This is because no investor would ever come to think on our behalf as Africans to develop our economies, but the critical element is that we should mutually co-exist as economic partners, and not unnecessarily out-compete each other using unconscionable conduct just because we have excess reserves or resources. Coercion or unconscionable conduct, which can be exercised through the non-interference policy ap-



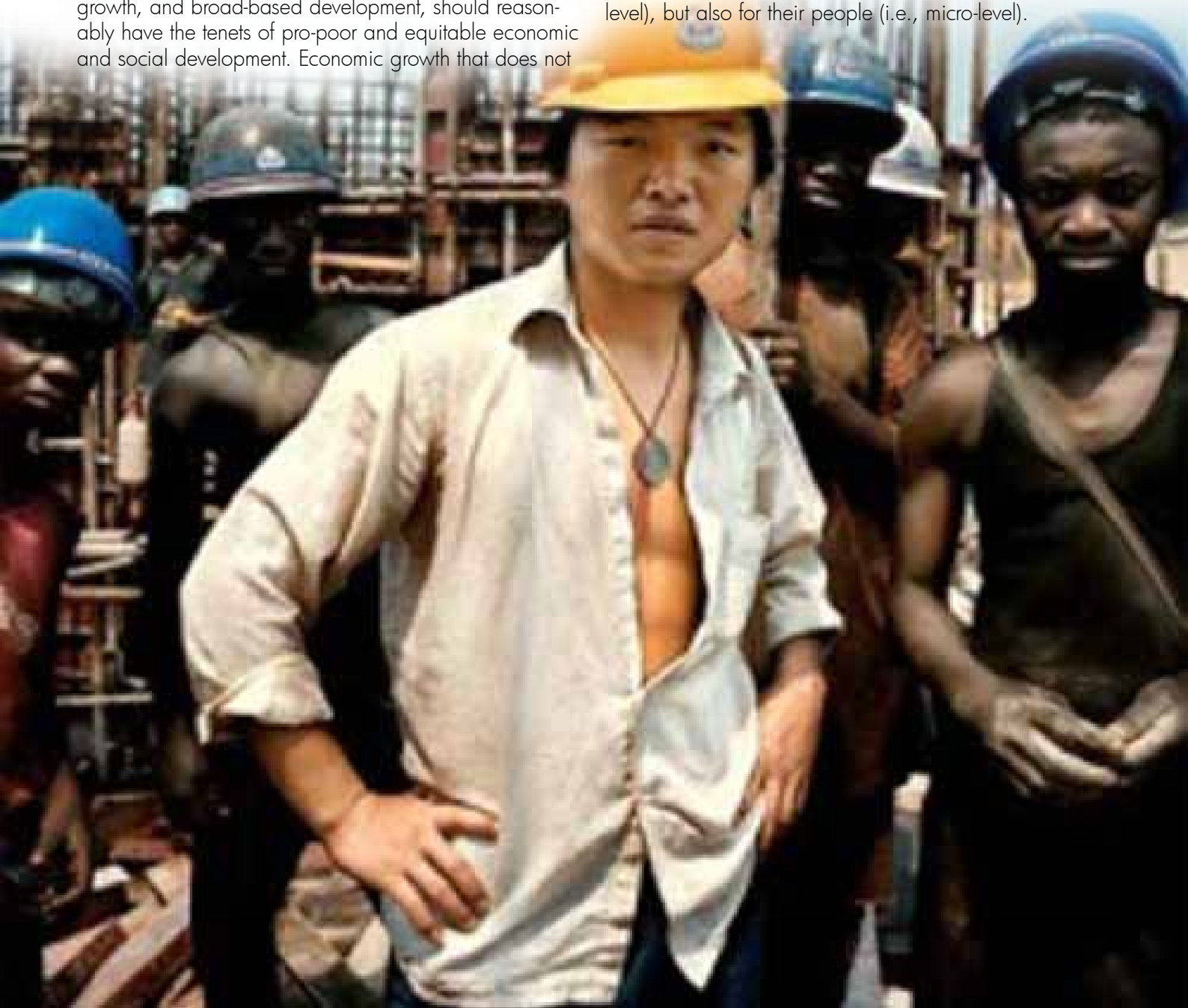
proach, could at certain times be construed as being in support of some awful happenings, and this is certainly not a good way for mutual co-existence.

As for those that go to do shopping during negotiations, such hobbies are awful and very sad. They counter development, and show incompetence of the highest level. It is a very sad thing, and I loathe such individuals who are 100 % not patriotic. We, as Africans, must start taking pride in being the initiators or custodians of trade evolution or revolution. Political-will should also be enhanced if Africa is to sustain not only economic growth, but also positive societal changes.

China's unprecedented growth cannot go without some questions, such as; is the economy growing at the expense of other human development freedoms, e.g., freedom of expression, environmental sustainability, democracy, etc? I leave this question for each individual to ponder. However, I believe that credible economic growth, and broad-based development, should reasonably have the tenets of pro-poor and equitable economic and social development. Economic growth that does not

really thrust positive changes in social conditions of the people is not very meaningful, and any slight internal policy shock would make such growth very sluggish. Countries should not promote growth that is concentrated in the hands of a few economically powerful individuals while simultaneously having little impact on the enjoyment of "public goods".

I do not hate any country, and in fact I admire the Chinese for how they have managed to exploit most traditional economic theories to trigger economic growth in their country to the extent that they are now considered to be the second largest economy in the world. I also commend the USA for having rapidly rolled out internet services. These are virtues and endeavours that Africa should emulate. However, having a developed ICT sector is one thing but safeguarding the same is quite another. Therefore, Africa needs to develop a Continental Cyber-Security Strategy in order to effectively make good use of cyberspace not just for their countries (i.e., macro-level), but also for their people (i.e., micro-level).



THE JOHANNESBURG STATEMENT ON THE DOHA DEVELOPMENT AGENDA.

Some Issues to be Addressed.

By Fredrick Njehu (Nairobi, Kenya)

Almost a decade since the Doha Development Agenda (DDA) was launched; the negotiations have yet to yield an outcome that contributes meaningfully to poverty alleviation, and the promotion of economic development. The further contribution of this situation threatens to interrupt the process of reforming international trade rules and liberalising international trade flows, endangering the growth and development necessary for the stable, sustainable, and equitable recovery of the global economy. To meet its development objectives, and to make a substantial contribution to poverty reduction and the enactment of human wellbeing, a concerted effort is required to bring DDA to an early and satisfactory conclusion. To this end, we urge WTO members to remain faithful to the DDA's original mandate, and to redouble their efforts to re-place development at the heart of the negotiations.

A successful conclusion requires a willingness, commitment, and seriousness from all WTO members as well as determined, yet flexible, leadership from developed, middle income, developing and least-developed members alike. It also requires active engagement with national and global business, and civil society communities to encourage support for the negotiations. It is believed that the pursuit of agreement in the following areas will go a considerable way towards ensuring that an equitable and opportune outcome of the negotiations is realised, and that these objectives ought to be secured as a matter of urgency. As such, we encourage WTO members to an early harvest for LDCS. There is need to agree and implement, i.e., prior to the conclusion of the DDA, duty-free and quota-free access into the markets of all developed WTO members for all products. This could be done by establishing an annual reporting mechanism on the implementation currently in operation in the Committee on Trade and Development through its pursuit of the implementation of legally binding commitments. The WTO secretariat should oversee this mechanism, and should be provided with the necessary resources to fulfill this role comprehensively. Simplification of the rules of origin to reduce the bureaucratic burden on LDCS, fast-track the elimination of export subsidies and trade distorting domestic support in the developed countries on agricultural products of export interests to LDCS¹

Secure substantial improvements in offers from developed members, and developing countries in a position to do so, on market access to services exports from least-developed coun-

tries through Mode IV of the General Agreement on Trade in Services (GATS). This should include providing better access for the temporary movement of workers and for outsourcing. Reform and the accession process so that acceding countries are not required to undertake commitments beyond those that are currently agreed to by existing WTO members at the same level of development. Communities by acceding developing and least-developed countries and SVEs should also be consistent with their development needs and capacities.

In terms of capacity building and aid for trade, it is important that LDCs and SVEs be provided with relief for any preference erosion, that is, in case the DDR is to be concluded. They need provision of effective financial and technical cooperation by developed countries. This is what was envisaged by the trade facilitation agreement, and these technical assistance and capacity building programmes ought to be implemented to the fullest extent. Such aid should NOT be linked to negotiations simply for the sake of removing trade barriers and other distortions. For Non-Agricultural market access, developing country commitments should be commensurate with their level of development, that is, commitments should be made on the basis of less than full reciprocity. Special and differential treatment should remain a guiding principle in the negotiations, as well as a recognition of the rights of developing countries to employ industrial policies to promote new industries including the use of procurement preferences and financial market interventions.

Establish a mechanism that provides SVEs with the flexibility not to implement a specific discipline, if such non-implementation is properly justified for development interests. This should be understood as operationalising the principle of special and differential treatment, and targeted capacity building should be utilised to assist the country to meet the implementation of remaining obligations. The monitoring mechanism currently being negotiated in the WTO Committee on Trade and Development "Special Session" could, for example, be used for such a purpose.

And finally, agriculture and food security remains fundamental to most of the developing countries. There is need to ensure that the outcome of DDR creates fundamental reforms in these countries by making cuts in domestic support programmes, and eliminating export subsidies. With due regard to the export interests of developing countries, adequate flexibilities should be provided for the special products of developing countries, and an appropriate Special Safeguard Mechanism created to address the rural development, food security, and livelihood concerns of developing countries.

¹ Particularly in areas of sugar, cotton, groundnuts, dairy products and fish

THE EAST AFRICAN COMMUNITY.

Hope for the Future.

By Andrew Othieno (Kampala, Uganda)

On November 30, 1993, Kenya, Uganda and Tanzania, driven by historical ties, the need to promote sustainable utilisation of the regions' natural resources, enhance the role of women, and promote peace, security and good neighborliness, agreed to establish a Permanent Tripartite Commission (PTC) for East African Cooperation (EAC).

Almost two decades have passed since then, and thus far the EAC's main achievement has been the commencement – on 1st July, 2010 – of the Common Market. The success of the EAC should be analysed from three main vantage points: “progress” made since the PTC, “challenges” faced along the way, and “recommendations” for the future. In this article I will address some of the challenges that the EAC has faced.

Citizens of EAC member States have, more often than not, been disappointed by what they judge to be more talk and less action. In reference to the EAC, the buzzword has commonly become “we don't walk the talk”! However, this verdict is often been made without putting into consideration the fact that each member State works under, and is surrounded by many challenges and constraints, which – very unfortunately – hinder our ambitions towards regional integration. Several examples could be pointed out to illustrate these challenges, but the most evident and palpably observable example is that which stems from “national security”. Specific security-related incidents have occurred since the establishment of the PTC to illustrate the extent of this challenge, and its potentially devastating effect not only on the process of regional integration, but on the livelihood of the East

African region as a whole.

Retrospectively, the immediate post-PTC period did not augur well for East Africa. Only one year later (i.e., 1994) tensions were high in Rwanda, and a series of unfortunate ethnic-related events climaxed into a horrendous four-month genocide (April – July, 1994). At that time Rwanda was not even party to the PTC initiative towards regional integration. However, this is a country that the rest of us, that is, Kenyans, Ugandans, and Tanzanians, can look at as “right across the street”! During and after the genocide an influx of refugees trooped into neighbouring countries. Security forces of neighbouring countries were on very HIGH ALERT while death loomed in and around East Africa, and the Great Lakes region as a whole.

At a time of emergency such as this, one would have expected all East African nations to cautiously build even stronger barriers around their borders for fear that the genocide would, in one way or another, inadvertently spill-over into their countries (you don't open your gate even wider if someone is mercilessly slaughtering your neighbor!). This dreadful incident posed a great challenge for all neighbouring countries. However, our leaders courageously went ahead to work towards breaking down barriers in accordance with the PTC that they had firmly agreed upon.

Still focusing on security, a similar but lower-scale incident occurred in 1998, that is, five years after the spark towards integration had been ignited. On April 30th (1998), the PTC launched a draft treaty for establishment of the EAC, but only four months later, that is, on August 7th, the US Embassies in Kenya and Tanzania



came under terrorist attacks. Once again, East Africa was on HIGH ALERT, and one would have expected respective leaders to decide that it would be wise to defensively strengthen borders. These tragic incidents could have very easily thrown ambitions towards integration completely OFF balance, but in the same show of determination, the political class maintained very strong resolve, which rendered the PTC un-phased by these tragic incidents. The PTC simply continued ploughing on towards integration.

In the same vein; July 1st, 2010, historically marked commencement of the operationalisation of the Common Market. The long march towards transforming the EAC region into a common, single market was indeed gaining momentum. However, only seven days later (i.e., July 7th) it "hit the fan" once again when Kampala was devastatingly hit by terrorist bomb blasts. What should have been a lively viewing of the 2010 World Cup finals between Netherlands and Spain turned disastrous, as three bombs ripped through the city suburbs of Kampala leaving several dead and multitudes of others seriously injured.

From different vantage points I could highlight several other challenges, in addition to national security, that have occurred, and continue to occur, as East Africa works towards integration. Therefore, one can only imagine the humongous task the leaders, and indeed the citizens of East Africa, have on their shoulders.

On a different note, the citizens of East Africa would like to see the practical benefits of integration materialising tomorrow, but they also have to conscientiously realise that it will definitely take time for this to happen. Before we are able to see the realities of integration on the ground it is necessary, and only fair, to remember that economic technicalities have to be expertly calculated, social concerns and norms have to be very carefully attuned, and multifaceted institutions of all kinds (e.g., cultural, financial, educational, agricultural, etc) have to be proficiently restructured towards integrative and sustainable cohesion. Whatever happens, the solid irrefutable fact is that all this will require a lot of time, and cannot happen overnight.

It is also worth arguing that if all East African member states had the same military and financial strength enjoyed by the USA and the EU, we would be far ahead in the process. If anything, we would have united yesterday. Therefore, impatient as they may be; East Africans have to empathise with their leaders and try to understand the multifarious constraints under which these leaders have to make very difficult integration-related

decisions.

A lot has happened that could have given East Africa's leaders second thoughts about integration. As illustrated above, recent events have also shown that there is a possibility that our leaders would have edged not only towards postponing the whole integration process, but also leaving the idea on the shelf to eternally gather dust. However, it is encouraging to note that all five (now including Rwanda and Burundi) member states are – together – still on that journey. Individual member states have endured DEVASTATING BLOWS during the trek towards integration in ways that have had negative spill-over effects on ALL member states, but nothing has weakened either our ambition or strong resolve.

To logically legitimise and authentically substantiate the purportedly strong resolve being championed here, trade-related records and financial statistics now show that total intra-EAC trade has increased from \$1.85 billion in 2005 to \$3.5 billion in 2009, while total Foreign Direct Investment into the region, during the same period, has risen from \$910 million to \$1.72 billion.

It is also worth noting that the EAC region has a growing consumer market that currently stands at \$133.5 million with a pooled GDP of \$74.5 billion. Having successfully completed the Customs Union phase, which was launched in 2005, the EAC has now embarked on building the Common Market, which was formally launched in July, 2010. Upon completion, the common market will provide for free movement of (1) goods, (2) services, (3) capital, and (4) labour (the EAC's "Four Freedoms"). It is also expected that the East African Monetary Union Protocol will officially be adopted in 2012, which is three years ahead of schedule. Therefore, records are readily available to show that even while under duress of the potentially destabilising challenge outlined above (...which is only one of several), EAC integration is in very high gear and it is definitely making sure and steady progress.

Bearing in mind the complex political-economic and intricate social-cultural configurations necessary for the foundational initiation and long-term sustainability of regional integration, the EAC has fared admirably well, and its machinations thus far are being quietly considered as a blue-print for other regions on the continent. There are definitely several challenges ahead for the EAC. However, based on the record; one can safely and confidently (...and, indeed, very proudly!) conclude that the East African Community is here, and it is here to stay.

THIS AND THAT ON SERVICES TRADE IN SADC REGION; Limited cross-border service flows within the region is explained mainly by policy heterogeneity and other forms of NTBs.¹

SADC Region



By Gondwe Temwa (Blantyre, Malawi)

1.0 Introduction

Trade in services offers an important opportunity for developing countries especially least developed countries in the SADC region. Over half of all Foreign Direct Investment (FDI) flows are linked to services². The importance of services in the domestic and regional economy cannot be overestimated. For instance, key producer services such as telecommunications, energy and financial services have been shown to be closely linked to economic growth. The role of services as inputs to many production processes means that a country and/or a Regional Economic Configuration (REC) with an efficient services sector is likely to gain more from goods liberalisation. In the SADC REC, trade in services is now a major contributor to regional GDP in the region – now estimated at over 57 % of GDP³.

¹ This paper is work in progress. Feed back is welcome to t.gondwe@hotmail.com.

² World Development Report 2010

³ Various sources (including SADC Statistics Database)

Over the past two decades, the importance of the contribution of services trade in the SADC region has increasingly dawned on the member states to the extent that they acknowledge this in the SADC Trade Protocol Article 23 thus:

- “1. Member States recognise the importance of trade in services for the development of the economies of SADC Countries
2. Member States shall adopt policies and implement measures in accordance with their obligations in terms of the GATS, with a view to liberalising their services sector within the Community”

SADC member countries have largely accepted that trade in services has the potential to diversify their narrow export bases; but also more importantly services are increasingly an important element of their growth and development models both as inputs to the production process or as intermediaries.

Caught up in the global exercise of attempting to comply with the WTO GATS and against a background of rapidly changing, complex and competitive global economy, SADC countries have to take on board the

management of trade in services as priority action in harmonising regional policies and liberalisation schedules (at a regional level).

To date, the SADC REC has prioritised cooperation in other forms of trade in particular trade in goods. A quick review of the progress to date in establishing/ratifying protocols so far reveals that trade has not been the main driving force of cooperation in the region but that other protocols with a more “political orientation”⁴ are given precedence. To this end, it can easily be observed that policy heterogeneity and other forms of NTBs, which would otherwise be eliminated by a regional services trade protocol that harmonises policy across the region and is implementable, mainly explain the limited cross-border trade in services within the REC. This paper briefly discusses this notion.

The major limitation in this discussion is the little information and studies on trade in services on the SADC region. This may perhaps be because of the difficulty to measure services trade in the region or the historical emphasis of comparative advantage in trade in agriculture entailing more concentration on the trade in goods.

Services in SADC

Countries in SADC are in the process of negotiating the SADC Trade in Services Protocol. The key features of this protocol include: use of a GATS model; positive list approach; unconditional MFN; transparency and effective regulation. The objective of the negotiations is to come up with a protocol whose implementation will release the full economic and social benefits of services trade in the region. The level of development in the region has perhaps fuelled the reluctance of governments to let go of their hold on unilateral regulation of the services sectors – as such one of the key challenges in these negotiations is to create a development bias.

Historically, cross border supply of services through imports is much more significant than through exports. This largely stems from the dominance of South Africa as a regional powerhouse on services. In addition, the slow progress on regional integration does not help matters.

In the absence of this protocol, countries within the region unilaterally liberalise services trade, or at best unilaterally decide on multilateral service liberalisation under the auspices of the GATS scheduling process. Given that

4 The term political has been used loosely in this text to mean protocols that are not oriented to address trade/trade facilitation issues.

the range of services is diverse (e.g. transport, tourism, financial, etc), calling for distinct regulations per sector (no one size fits all), countries within the region have got different policies/measures in regulating services trade. This can easily be appreciated by the differences in the GATS schedules that SADC member countries have notified. This clearly has implications on the flow of services trade within the region.

Barriers to Services Trade

Non-Tariff Barriers are the common form of impediment to trade in services. For instance, policy heterogeneity at the national level and across the membership of the SADC REC should be acknowledged as one of the main reasons limiting the flow of services trade. However, another key “horizontal” barrier worth considering would be the multiple memberships in RECs of most of the SADC membership. This has contributed to making policy coordination and homogeneity at the regional level a very complex process. Ideally one would expect that RECs would make use of Article V of the GATS to harmonise their regulatory frameworks (giving themselves GATS-plus preferences) in the area of trade in services paving way for more or less similar notifications at the multilateral level.

Other forms of NTBs prevalent in the SADC region include:

Mode I: Cross Border Supply

NTBs for cross border supply of services are still persistent in the region. Examples include the manipulation of exchange rate regimes limiting the amount of foreign exchange that can be used to import services. These forex restrictions in the member countries have created a frontier against cross border supply of services e.g. In Malawi the rationalisation of forex for import of goods and services by the central bank limits private sector imports.

Mode II: Consumption Abroad

Visas and resident permits remain the main barriers to services trade through consumption abroad. Whereas most SADC member countries no longer require visas for the entry of SADC citizens, small pockets of “resistance” still exist. Zimbabweans need visas into South Africa, and Angola-Mozambique. Residence permits are still a requirement for prolonged stay and affecting the expansion of education and in some cases health services.

Mode III: Commercial Presence

Restrictions on commercial presence have largely been dismantled in the interest of attracting Foreign Direct Investment globally. However, governments still maintain trade-related investment measures which regulate the conduct and eventually flow of services through commercial presence. These include exchange rate controls, controls on the use of domestic resources, restrictions on the repatriation of profits, among others. Under the GATS, most SADC member countries have made horizontal commitments on commercial presence with limitations on Market Access and National treatment.

Mode IV: Natural Presence

Policies on migration within the region are largely heterogeneous. SADC has a draft protocol on the Facilitation of Movement of Persons. The draft protocol has not emphasised harmonising migration policies, which would be key to promoting movement of natural persons for work in the region. The protocol still leaves this remit in the hands of the member countries with no clear guidelines in setting up the minimum or maximum standard. So far, the best known example of movement of natural persons is the migration of labour across the SADC region to work in the mines of South Africa.

Conclusions

NTBs, and in particular policy heterogeneity are still significantly contributing to the slowness in the growth of intra-regional trade in services in the SADC region. The absence of a Trade in Services protocol and the disjointed approach to scheduling commitments under the GATS process continue to exacerbate the situation. Whereas there is still reluctance on the part of member governments to relinquish authority on the regulation of the services sector at national level, there is still a scope for policy harmonization to increase the impact of services trade on development, growth, and intra-regional trade.

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THE EFFECTIVENESS OF POLICIES AND INSTITUTIONS ON CLIMATE CHANGE IN KENYA

By JILL JUMA (Nairobi, Kenya)

ABSTRACT

It is without a shadow of doubt that climate change is rapidly becoming an issue of global concern right from the inception of the Rio Declaration to the drafting and accession of the United Nations Framework Convention on Climate Change, and its Kyoto Protocol. Furthermore, Kenya has been playing a prominent role in the climate change debate. The first significant declaration on climate change in Africa was made in Kenya in 1990 during the Nairobi Conference of Global Warming and Climate Change. It became known as the Nairobi Declaration on Climate Change: "Global climate change is fundamentally different from the conventional environmental agenda where the practice has been to react and correct. The challenge now is to anticipate and prevent." The conference played an important role in introducing African countries to the international debate on climate change. (JS Ogola)

In view of the above, this research seeks to analyse the possible impact of climatic conditions on Kenya vis-a-vis its international relations and commitments. The study begins by giving an assessment of the structures and policies Kenya has put in place before and after independence; it will pay keen attention on current trends in the global arena, and further gauge whether the said institutions and policies are viable enough to vouch for Kenya's competitiveness and commitment in the global arena.

For purposes of lucidity, this research will primarily focus not only on the issues of trade liberalisation and the place of Kenya's climate policy (or other policies related thereto), but also on institutions in ensuring that there are adequate checks and balances on the same. To that extent, the research seeks to bring out the strengths and weaknesses of Kenya's climate policy (or other policies related thereto) and institutions. It further assesses whether trade liberalisation (in the form of Economic Partnership Agreements) is eco-efficient in terms of combating climate change. As the world draws closer to becoming a "global village" it is imperative to analyse trade liberalisation in light of climate change, to the extent of assessing whether there is actually need to restructure Kenya's climate policy, and institutions to ensure that



trade liberalisation does not hinder Kenya's commitments to Climate Change. For a comprehensive and detailed analysis this research will take the following roadmap;

1. Give a detailed account of Kenya's policies and institutions in relation to climate change,
2. Analyse the strengths and weaknesses of these institutions and policies in terms of their capability to ensure that Kenya's trade performance does not hinder its climate change commitments.
3. Offer pragmatic observations and solutions in line with international best practices and customs to fortify Kenya's policies and institutions on climate change without necessarily distorting Kenya's trade performance.

For further information on this paper please contact Ms. Jill; jilljuma@ymail.com.

POLICY IMPLICATIONS OF CLIMATE CHANGE ON CAMEROON'S AGRICULTURAL SECTOR

By AFFUEMBEY ENOW AFFUEMBEY (Yaoundé, Cameroon)

ABSTRACT

For a developing country like Cameroon, which depends heavily on rain-fed agriculture, the impact of changing patterns of climate cannot be overlooked. The country strategically wishes to become an emerging economy by 2035 through industrial development and trade. However, because there can be no development without food security, questions need to be asked about how vulnerable the country's security is to climate change, and what policy decisions are required to achieve and maintain food security while pursuing the objectives of economic development. This paper, therefore, tries to take a look at these hard choices, which may be required. It will be presented in the following format: (1) Introduction; (a) Agriculture, (2) literary background, (3) Policy options, (4) Recommendations and Conclusion.

For further information on this paper please contact Mr. Affuembey; affuenow@cidrcam.org

ASSESSING THE ROLE OF FOREIGN AID IN THE ECONOMIC DEVELOPMENT OF SUB-SAHARAN AFRICAN COUNTRIES. The Case of the Cameroon Development Strategy.

By EDWIN NKENGAFAC (Yaoundé, Cameroon)

ABSTRACT

The fight for independence in Africa was considered to be an opportunity to give Africans a chance to rightfully manage their own internal affairs with limited foreign intervention. However, Europeans and other developed countries created an impression that they were "god-fathers" to these developing countries, which has created a semblance of overdependence on developed countries for all forms of assistance. This study intends to assess the role of foreign aid, and its impact on the economic development of sub-Saharan African (SSA) countries. This will be done using Cameroon's Development Strategy as a case study. The Ordinary Least Squares (OLS) technique will be used for parameters estimation. The importance of Official Development Assistance (ODA) and Foreign Direct Investment (FDI) are also reviewed, and policy recommendations are made for good management, good governance, and good policy packages that will encourage the better use of resources that are necessary not only for the economic and social development of the country, but more importantly for the enhancement and sustainability of trade. The conclusion seeks to incorporate the fact that Cameroon's problems are different from those of other African countries, which require a distinct approach if the country's situation is to be improved upon.

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FYI: yet to come (msg about upcoming November, 2011, trapca conference)

Questions and comments about this document would be highly appreciated. Please to send them to Andrew Othieno (taski001@hotmail.com) or Temwa Gondwe (t.gondwe@hotmail.com).

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