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Building the capacity of ACP Countries in Trade Policy Formulation, Negotiations and implementation ("Hub and Spokes") Project..

EU stamps on shoe imports with extension of anti-dumping duties

- Renewed levy denounced as protectionism
- Peter Mandelson unveils strategy for open markets

The EU yesterday renewed punitive anti-dumping duties on Chinese and Vietnamese shoe imports for two years just as Peter Mandelson, the EU trade commissioner, issued a five-point strategy for defeating protectionism at home and opening markets abroad.

Retailers, importers and consumer groups denounced as protectionist the decision by EU governments by a narrow vote to levy the duties on shoes from tomorrow. The EU will impose a 16.5% duty on some Chinese and 10% on some Vietnamese leather shoes.

But Mr Mandelson insisted the tariffs were "commensurate and proportionate". "We had evidence of unfair trade practices and state interventionism, resulting in price distortions and unfair competition."

He said the duties were not protectionist and announced a review of the EU's "trade defence instruments", including anti-dumping measures, to take account of increased outsourcing of production to emerging countries and the global supply chain. But he said measures would remain in place to promote fair trade and prevent dumping.

He welcomed the decision, taken by EU ambassadors and to be rubber-stamped by ministers today, to renew the duties on Chinese and Vietnamese imports for two years. They had been set temporarily at 19.4% and 16.8% respectively in April after protests from France and Italy. Import quotas on shoes were lifted on January 1 2005 and China supplied half of the 2.5bn shoes sold in Europe last year.

Nine countries, led by France, voted to renew the duties while 12, including Britain, voted against. But in a traditional EU mechanism, the four abstentions were counted as yes votes.

The agreement was condemned by Kevin Hawkins, the director-general of the British Retail Consortium, as a "murky backroom deal". "Imposing shoe import duties is wrong. It will push up prices for consumers and add to the costs of struggling retailers ... It's quite clear it's opposed by a majority of EU states," he said.

EU trade officials said the duties would add €1 (67p) at most to the cost of shoes.

Jan Eggert, secretary-general of the Foreign Trade Association, said: "This type of wheeling and dealing in implementing commission legislation such as anti-dumping duties must stop."

Importers say the decline in the value of the dollar, rather than dumping, has caused the large drop in import prices.

Horst Widmann, the president of the Federation of the European Sporting Goods Industry (FESI), said: "Europe cannot declare lofty goals about becoming a modern and dynamic economy and at the same time shield inefficient manufacturers from global competition ... The footwear case shows that protectionist interests have disproportionate power in shaping EU trade policy."

But Mr Mandelson, a free trader by instinct who had to impose quotas on Chinese textiles in last year's "bra wars", said: "European economic openness is vital for creating jobs and growth and for our international competitiveness."

As well as a review of trade defence instruments, Mr Mandelson's five-point strategy includes a new approach to China, due to be announced this month, to secure wider access for European companies to invest and acquire companies. He also wants greater protection for intellectual property rights there and in other emerging economies and wants to open, via "gentle pressure", overseas public procurement markets. He also indicated a drive to secure bilateral free trade

agreements to remove non-tariff barriers or cover issues not yet ready for multilateral discussion within the WTO.

Oxfam said he was "pushing an aggressive liberalisation agenda". Celine Charveriat, the head of the charity's Make Trade Fair campaign, said: "The wolf has taken off its sheep's clothing ... This is not a plan for competitiveness but for exporting inequality and poverty."

Mr Mandelson said: "This strategy is about growth and jobs at home, poverty reduction abroad. I have always made clear my determination to put trade policy at the service of development

Source: The Guardian UK, 5 October 2006.

EU May Challenge China at WTO on Piracy of Patents

China needs to crack down on the piracy of European patents and trademarks or it will face a legal challenge at the World Trade Organization, European Union Trade Commissioner Peter Mandelson said.

Only 9 percent of 1,000 companies represented by the European Chamber of Commerce in China haven't been affected by trademark or copyright theft, a survey found last month. "They're starting to take much firmer action against Chinese companies ripping off other Chinese companies, but what I want them to do is apply the same standard to European companies," Mandelson said in an interview late yesterday in Brussels. "I reserve the right to take a case to the WTO." China's growing trade strength and doubts about its willingness to respect trade rules have fed protectionist sentiments in the EU, whose trade deficit with China swelled to a record 57.6 billion euros (\$73.2 billion) in the first six months of 2006. Yesterday, the EU imposed import duties on Chinese shoes and sneakers to protect manufacturers in the 25-nation bloc from what it says are unfairly low prices. The law exists, but it needs to be enforced," Mandelson said of China's patent infringements. Last month, the EU together with the U.S. and Canada asked the WTO to outlaw Chinese regulations that raise import duties on car parts, in what would be the first WTO case litigated against China. The Chinese government says the regulations are designed to keep "criminal elements from exploiting the difference between tariff rates for entire automobiles and auto parts and to protect consumers' interests."

China's exports to the EU have almost doubled to 157 billion euros from 81 billion euros four years ago and its share of EU imports has grown to 13 percent from 8 percent. In a 13-12 vote yesterday, EU governments applied duties on 9.7 billion euros worth of leather shoes from China and Vietnam, saying the Asian countries are unfairly undercutting European prices. The duties may prompt China to lodge a complaint at the Geneva-based WTO, Mandelson said. Still, he added, "privately I think there will be relief in China" because "many in China recognize that they've got away quite well from the measures that have finally been adopted."

China has been pressing the EU to recognize it as a market economy, which would make it harder for the bloc to impose higher customs tariffs to protect domestic markets. The rules the EU uses will be overhauled in the next few months, Mandelson said earlier yesterday. While the EU regularly uses anti-dumping duties to limit Chinese exporters' ability to undercut higher-cost European manufacturers, the Bush administration has turned to diplomacy to deal with China. U.S. Treasury Secretary Henry Paulson has traveled to China to urge the government to allow the yuan to strengthen and was instrumental in persuading two senators to drop legislation last week to apply tariffs on Chinese imports. The U.S., whose trade deficit with China climbed to a near-record \$19.6 billion in July, is pressuring China to raise the value of its currency, saying the weak Yuan makes Chinese products cheaper on world markets. Lawmakers and some U.S. economists say the yuan is as much as 40 percent undervalued.

Source: Bloomberg, Geneva, 5 October 2006

China Holds Trade Talks with Australia, New Zealand

China held trade talks with Australia and New Zealand on Tuesday and Monday respectively, discussing bilateral trade ties and the ongoing free trade agreement (FTA) negotiations.

Following the 11th meeting of the joint ministerial economic commission in Sydney yesterday, visiting Minister of Commerce [Bo Xilai](#) and his Australian counterpart Warren Truss both expressed confidence that the two countries could reach a FTA.

It was agreed at the meeting that the negotiations on market access for the trade of goods and services will begin in December. Truss said the two economies are highly complimentary with Australia having advantages in raw material, agriculture and services, while China in manufacturing, human resources and market. The proposed FTA will be good for the two sides to elaborate these advantages and further promote the constructive and win-win cooperation, Truss said.

Bo said China-Australia two-way trade volume surged to US\$27.3 billion in 2005, doubling the size of 2003 and pushing the trade level between the two countries to the highest in history. He said the progress made in the past six round of FTA negotiations has deepened the two sides' understanding on each other's concerns.

Bo also tried to dispel Australia's concern that its manufacturing industry might be affected by the proposed FTA. New Zealand and China had extensive discussions about the FTA at the second joint ministerial commission meeting in Auckland on Monday, said New Zealand's Trade Minister Phil Goff yesterday. "We reaffirmed this (the FTA) needs to be comprehensive, high quality, balanced and mutually acceptable for both countries," Goff said. "Negotiators must continue to seek these outcomes so we can reach a conclusion in line with the instructions of our leaders."

Goff said New Zealand welcomes progress in other aspects of bilateral trade and economic relationship and agreed the two sides should seek to cooperate in implementing the FTA in due course. The two sides also talked about the WTO Doha trade negotiations, APEC, the East Asia Summit process and other regional developments. "China and New Zealand have many shared interests. The joint ministerial commission is a good vehicle for these exchanges," Bo Xilai said. The next round of FTA negotiations between the two countries will take place in New Zealand beginning on October 9.

Source: Xinhua News Agency , China, 4 October, 2006

U.S. won't move first to save WTO talks: USTR Schwab

The United States is committed to reaching a new world trade deal but won't try to revive the talks by being the first to make a new agricultural offer, the top U.S. trade official said on Tuesday. U.S. Trade Representative Susan Schwab said in a speech Washington was still waiting for other countries to match the "bold" proposal the United States made one year ago this month to cut farm subsidies and tariffs.

The European Union, in particular, has urged the United States to make a new offer to cut its domestic farm subsidies to help revive the world trade talks. The negotiations were put on ice in July after leading countries again failed to agree on a package of farm trade reforms. "Calls for the U.S. to go first? Been there. Done that. Bought the T-shirt. Didn't work," Schwab said.

The Doha round of world trade talks was launched almost five years ago with the goal of helping poor countries prosper through trade. The talks also cover industrial goods and services in addition to agriculture.

After the high-profile collapse three months ago in Geneva, "we're in the resuscitation stage of the Doha round agreement. It is down, but it is not out," Schwab said.

The way forward is through "quiet conversations" where countries can explore scenarios for cutting farm subsidies and tariffs, which are politically sensitive in most countries, Schwab said. "(EU Trade Commissioner) Peter Mandelson was here last week ... and I'm not going to tell you what we talked about. Suffice it to say it was a healthy dialogue," Schwab said. Some experts believe there is a narrow window of opportunity for a breakthrough in the talks between the November 7 U.S. congressional elections and early next year when the Bush administration would need to begin pushing for renewal of trade promotion authority. That legislation, which expires in July 2007, is considered essential for U.S. participation in world trade talks. It allows the White House to negotiate agreements that Congress can approve or reject but not change.

Democrats could refuse to give President George W. Bush the authority if -- as many political observers expect -- they win control of one or more houses of Congress in the election, but Schwab took a more optimistic view.

"Regardless of the outcome of the midterm election, I think there is still a critical mass of Republicans and Democrats out there" who support free trade, Schwab said.

Source: Reuters, Washington, 4 October 2006.

US Beef to Be on Sale After Chusok

U.S. beef will likely be distributed in the domestic market soon after the Chusok holidays following the government's decision to resume imports early September.

The primary issue is mad cow disease. In late September, about 1,200 public health-related experts, comprised of 207 medical doctors, 144 oriental medical doctors, 344 pharmacists and 111 veterinarians, issued a warning that U.S. beef is still unsafe to eat. "Bovine spongiform encephalopathy (BSE) is a disease beyond medical treatment for now," they said in a statement, staging a rally in front of the U.S. Embassy building in downtown Seoul. "It is a fatal disease with a lethality rate of 100 percent," they stressed.

Pointing out the government's loose oversight of meat distribution channels, the doctors and pharmacists said there is a possibility that U.S. beef will be disguised as domestic beef. "Some consumers will eat U.S. beef by mistaking it for beef produced in other countries," the statement said.

Many U.S. civic organizations are also warning about the risks of eating U.S. beef.

The Organic Consumers Association headquartered in Minnesota State argued that the U.S. is violating all four concrete recommendations laid down by the World Health Organization (WHO) to prevent the spread of mad cow disease to humans. "Inadequate testing of the brains of U.S. cattle is likely missing hundreds of cases of BSE and inadequate testing of the brains of human dementia victims is likely missing hundreds of cases of the human spongiform encephalopathy," the OCA said.

According to statistics of the Food Safety and Inspection Service, an arm of the U.S. Department of Agriculture, 1,036 cases of sanitary rule-violations were detected between 2004 and 2005 in slaughterhouses across the country.

Lifting a ban on U.S. beef imports was the one of the U.S.' four demands requiring prior settlement for opening talks on a free trade agreement (FTA) with South Korea.

Source: Korean Times , Seoul, 4 October 2006

GOIC organising forum on trade

The Doha-based Gulf Organisation for Industrial Consulting (GOIC) is organising a forum on "Aid for Trade: From Policy to Practice", in Qatar on November 6 and 7 in conjunction with the Organisation for Economic Cooperation and Development (OECD). Qatar's First Deputy Premier and Foreign Minister, Shaikh Hamad bin Jassim bin Jabor Al Thani will deliver the inaugural address at the forum, which will bring together representatives from the Developed and Developing countries.

A wide range of top economic leaders and intellectuals will be participating in the forum, which is regarded as the first occasion to follow up on the recommendations of International Monetary Fund (IMF) and World Bank meetings in Singapore in September.

GOIC officials say the policy dialogue between OECD and non-OECD countries on aid for trade is designed to bring together a wide range of stakeholders from developing and developed countries to share experiences and information on how best to support developing countries' trade expansion and make it an engine of economic growth and poverty reduction. The objective, they add, is "to provide developing countries' participants (especially those who have not so far been part of the debate) with the opportunity to ensure that their experiences in using donors' support to increase the benefits from the WTO Agreements do actively contribute to the operationalisation of the December 2005 Hong Kong Aid for Trade Initiative."

Later next month, within another of its programmes, GOIC is to conduct a special training programme on the development of innovation and knowledge-based small and medium sized projects in the field of biotechnology, information technology and electronics. It is regarded as the first training programme of its kind in the region, and is being organised by GOIC in co-operation with Carnegie Mellon University, which has a campus at Qatar's Education City. The training programme is being sponsored by Qatar Petroleum and Energy City Qatar.

Source: Reuters, Doaha, Qatar, 4 October 2006.

United States wins one in WTO ruling

The World Trade Organization has ruled in favor of the United States, Argentina, and

Canada in a WTO case against the European Union over its moratorium on approving agricultural biotech products and state bans of previously approved products.

“Today’s decision affirms what the world’s farmers have known about biotechnology for many years,” said U.S. Agriculture Secretary Mike Johanns. “Since the first biotechnology crops were commercialized in 1996, we’ve seen double-digit increases in their adoption every single year. Biotechnology crops not only are helping to meet the world’s food needs, they also are having a positive environmental impact on our soil and water resources. Farmers who grow biotechnology crops in 21 countries around the world, including five in the EU, stand to benefit from the decision.”

The United States brought a WTO challenge in May 2003, after five years of delays by the EU in complying with WTO rules. “We are a step closer to clearing barriers faced by U.S. agricultural producers and expanding global use of promising advances in food production,” said Susan Schwab, U.S. trade representative. “I urge the EU to fully comply with its WTO obligations, and consider all outstanding biotech product applications, and evaluate their scientific merits in accordance with the EU’s own laws, without undue delay.”

The WTO case also challenged product bans imposed by Austria, France, Germany, Greece, Italy and Luxembourg on seven biotech crops approved by the EU prior to the adoption of the moratorium. In each case, the panel upheld the United States’ claims that in light of positive safety assessments issued by the EU’s own scientists, the state bans were not supported by scientific evidence and was thus inconsistent with WTO rules.

Although the EU approved a handful of biotech applications following the initiation of the case in 2003, the EU has yet to lift the moratorium in its entirety. Some biotech product applications have been pending for 10 years or more, and applications for many commercially important products continue to face what the United States asserts are politically motivated delays.

USDA also pointed out that numerous organizations, researchers and scientists, including the French Academy of Sciences, have determined that biotech foods pose no threat to humans or the environment.

About 222 million acres were planted to biotech crops in 2005, up from 200 million acres in 2004. Of this, over one-third were in developing countries. Biotech crops were grown by approximately 8.5 million farmers in 2005.

Leading producers of biotech crops include the United States, with approximately 123 million acres under cultivation in 2005; Argentina, 42 million acres; Brazil, 23 million acres; Canada, 14 million acres; and China, 8 million acres.

Other countries growing biotech crops include India, Iran, the Philippines, Australia, South Africa, Paraguay, Uruguay, Colombia, Honduras, Mexico, Czech Republic, Romania, Portugal, Spain, France, and Germany.

Source: US Farm Press: 4 October 2006

IMF forecasts growth slowdown for Kenya

The International Monetary Fund (IMF) has projected 5.4 per cent economic growth for Kenya this year, slowing to 5.2 per cent next year.

Rising fuel prices are expected to be responsible for the flattening growth curve in the coming year.

In the East African region, Tanzania is expected to record the highest growth of 5.9 per cent that is expected to rise to 7.3 per cent next year. Uganda is also expected to record a 5.5 per cent growth that would slow down to five per cent the following year.

The fund says economic growth in most sub-Saharan African countries will decline to 4.8 per cent this year from 5.6 per cent last year. The economic outlook for the region released in Singapore last month, however, indicates that the growth will pick up to almost six per cent next year.

"The brief slowdown is largely as the result of a temporary fall in oil production in oil-exporting countries like Equatorial Guinea, Chad and Nigeria and a moderation of growth in South Africa to more sustainable levels," says the outlook. "Inflation (excluding in Zimbabwe) is projected to drop to 6.9 per cent in 2006 from 8.2 per cent the previous year, particularly because of the fall in inflation in oil-producing countries."

The IMF says growth in oil-importing countries as a whole is expected to decline to 4.5 per cent from five per cent last year. However, 17 of these countries — about the same number as last year — are expected to experience growth of five per cent or more.

"In many oil-importing countries, the impact of persistently high petroleum prices has been mitigated by rising export prices for non-fuel commodities," says Mr Abdoulaye Bio-Tchané, director of the IMF's African Department. "This growth performance demonstrates the growing robustness of economic growth in sub-Saharan Africa."

He, however, stressed that several factors could tarnish the favourable picture.

He said export demand could be lower if activity in the rest of the world slows from the impact of the unwinding of global imbalances and tighter monetary policies.

Efforts to address trade imbalances through the Doha Round of talks under the World Trade Organisation (WTO) have failed after talks to reach an agreement in April.

Trade and Industry minister Dr Mukhisa Kituyi on Monday said trade ministers are meeting next week in Geneva to try and revive the talks. But IMF says growth and inflation could also be adversely affected by further increases in oil prices and a larger-than-expected fall in non-fuel commodity prices. "And there are still political risks in a number of countries in the region," said Mr Bio-Tchane. He said that the scaling up of aid, promised by the international community at the Gleneagles Summit a year ago, has yet to materialise. But private capital inflows are rising in some countries as surging commodity prices and debt relief make the region a more attractive place to invest. Still, countries in sub-Saharan Africa will have to do much more to lower the costs of doing business if private sector activity is to flourish," he added.

Source: Reuters, Kenya, 4 October 2006.

World Economic Growth Rate Projected To Drop

World Economic Growth Rate Projected To Drop To 3 Per Cent In 2007 – UN Estimate
New York, Oct 2 2006 4:00PM

The world can expect a robust economic growth rate of 3.6 per cent this year but a deceleration to 3 per cent is projected for 2007, according to the latest United Nations assessment.

A number of downside risks could reduce that projection even further, Under-Secretary-General for Economic and Social Affairs José Antonio Ocampo told the General Assembly Second Committee on economic and financial matters today.

A decline in the housing market, for example, is a real threat in the United States and could have strong ripple effects. Since that country was suffering from large external deficits, a sharp fall in housing prices could trigger a disorderly adjustment of global imbalances, Mr. Ocampo said. The impact of oil prices on global growth remains uncertain, with recent increases due to stronger-than-expected growth in world demand, a tight capacity for oil production and refining, natural disasters and geopolitical concerns, he added. Though worries about supply shocks were likely to dominate market movements, higher oil prices had not resulted in major recessionary effects, unlike those of the 1970s and 1980s.

But if supply disruptions were to happen, implications for the world economy would be greater and it is therefore crucial to increase investments to safeguard the world economy against such a disruption, Mr. Ocampo told the committee.

Heightened volatility in oil prices and other primary commodities is also a vivid reminder for commodity-exporting developing countries that their economic growth was vulnerable to the vicissitudes of commodity prices.

The longer widening global imbalances are allowed to develop, the higher the risk of a sudden and sharp disorderly adjustment, he noted. For instance, a US recession and devaluation of the dollar could in turn depress the world economy as a whole, with a particularly large impact on developing countries. As for the outlook for developing countries, Mr. Ocampo said an increasing income gap between them and the developed world – a “dual divergence” – could be seen alongside a “growth divergence” among the developing countries.

He called the suspension of the UN World Trade Organization (WTO) Doha Round of talks a major setback. The least developed countries are the most adversely affected by trends in global disparities, and as such, development partners, including other developing countries, should continue to increase their support through the contribution of official development assistance (ODA), debt reduction and the provision of market access.

The Doha Round has been in limbo for months, partly over subsidies from wealthy nations to their agricultural industries, tariffs and quotas, which all shut poorer agricultural countries out of the market.

Source: Press Release: United Nations 3 October, 2006

WTO GM food ruling ignores safety question

The WTO has ruled that the EU's GM food ban was illegal, but has failed to uphold some of the charges levelled by the US, Canada and Argentina.

The 1,000-page final report, which was made public last week, reiterated the dispute panel verdict that the European Union's six-year moratorium on imports of genetically modified food and crops was illegal.

The panel also condemned the ban by six EU members - Austria, Belgium, France, Germany, Italy and Luxembourg - on a number of individual products previously approved by Brussels as safe.

But the ruling, which confirms an interim ruling published in February, does not tackle the thorny issue of whether GM foods are safe.

"The issues before the panel concerned the alleged failure of the European Communities to reach final decisions regarding the approval of biotech products from October 1998 to the time of establishment of the Panel on 29 August 2003, and the WTO-consistency of prohibitions imposed by certain EC member States with regard to specific biotech products after these products had been approved by the European Communities for Community-wide marketing," said the WTO.

"The panel did not examine whether biotech products in general are safe or not, or whether the biotech products at issue in this dispute are 'like' their conventional counterparts.

"Although this claim was made by the complaining parties the United States, Canada and Argentina - in relation to some aspects of their complaints, the panel did not find it necessary to address those aspects of the complaints."

Moreover, the panel did not question EU controls on imports of GM foods, or the right of countries to ban such foods on health or environmental grounds. The ruling will therefore not necessarily result in EU policy change.

The final ruling has been greeted by anti-GM campaigners as evidence that the WTO is the wrong place to deal with what they call 'environmental trade disputes'.

"The international community must find an alternative before another case occurs," said Sonja Meister, trade campaigner at Friends of the Earth Europe. *"The WTO ignored international environmental laws, met in secret behind closed doors and barred any public involvement, even though we have a strong public resistance against GMOs in Europe."*

Friends of the Earth suggested the International Court of Arbitration or the International Court of Justice as possible alternatives to the WTO to settle trade disputes over environmental matters.

But the biotech industry believes that the anti-GM lobby is being disingenuous. It argues that this case was never about the safety of GM food, but about the contravening of global trade rules.

"Environmental protection has never come into this discussion," said Simon Barber, director of the plant biotechnology unit at EuropaBio - the European association for bioindustries. *"The only thing being challenged was the trade rules."*

EuropaBio insists that the claims brought the US, Argentina and Canada were based on the ECs failure to implement regulations and procedures in a WTO consistent manner, which resulted in a violation of its WTO commitments.

These complaints were first made in May 2003. The United States (US), Canada and Argentina initiated cited an alleged de facto moratorium on approvals of biotechnology products, as well as the existence of individual Member State (Austria, Luxembourg and Italy) marketing and import prohibitions on previously approved biotechnology products. These countries argued that the EU's de facto moratorium significantly harmed their export markets, particularly corn shipments, which typically include GM varieties.

The EU is the fourth largest market for US agricultural exports. According to the US department of agriculture (USDA), agricultural exports from the US to the EU are projected at \$7 billion for 2005, nearly 12 per cent of all US agricultural exports.

Source: Friends of the Earth, Reuters UK, 3 October 2006

IMF asked to back off from developing economies' poverty reduction programmes

Economic analysts at the just ended annual general meeting of the International Monetary Fund (IMF) and the World Bank are asking the Fund to stay off the poverty reduction programmes of developing economies, especially African. They contend the IMF has failed to successfully implement its strategies aimed at reducing poverty in recipient countries. The loans, according to them, are either not adequate or not used for the very purposes for which they were sought. The most significant breakthrough for the IMF, according to experts, is that several countries in Africa including Ghana have reached the HIPC completion point. But the IMF is under intense pressure to revert to its core mission of saving distressed economies.

The Executive Director of the Centre for Policy Analysis (CEPA), Dr. Joe Abbey once worked with the IMF told reporters that the Fund “has failed with medium to long term programmes. They tried.” Dr. Abbey said IMF’s strengths lie in “civilizing economies that are threatening to become volatile” adding that Ghana is a HIPC post-completion point country “so we are all interested in what is coming. I’d be very surprised if they cleared that as a result of Singapore.”

Dr. Abbey, however, noted that consultations between stakeholders are still ongoing on whether the IMF should clean-up or not.

Source: Ghana News Agency, 4 October, 2006

SADC's Economy Expected to Grow to 6 Percent This Year

The secretary general of the Southern African Development Community (SADC), Tomaz Augusto Salomao, has disclosed that the regional bloc's average real GDP increase to 5% in 2005 up from 4.1% in 2004. The average growth rate is projected to expand from 5% to 6% in 2006. "This is very important. As you know, we are a region of more than 230 million people with a regional GDP of over US\$230 billion," said Salomao in South Africa recently. In general, the economic activity in the region has continued to increase despite some disparities amongst member states, he said.

Salomao said the majority of SADC member states have continued to successfully tighten their monetary policies and maintain low inflation rates at one digit levels.

"SADC member states are geared to continue to pursue low inflation policies to improve the overall economic performance and to attract more of both domestic and foreign direct investment in and to the region," he said.

SADC is striving to complete the Free Trade Area agreement by 2008, to become a Customs Union by 2010, a Common Market by 2015, a Monetary Union by 2016 and achieving a Single Currency by 2018. "These are not dreams. These are targets with economic and political sense which SADC member states have committed themselves to pursue in order to achieve the overarching goals of economic development and poverty eradication," said Salomao. The recent SADC Summit in Maseru, Lesotho, reaffirmed these commitments and appointed a Ministerial Task Force to work out a road map for scaling up the implementation of the integration agenda to achieve these targets and submit to an Extraordinary Summit in October.

Source: Namibia Economist, Windhoek, 3 October 2006

African Tourism Surges Ahead, says UNWTO

For the past three years, international tourism has been booming. According to the World Tourism Organization, the number of international tourist arrivals in 2005 is estimated at over 800 million, a 5.5 per cent increase following the 10 per cent surge registered the preceding year.

This despite wars, terror, oil price hikes and natural disasters. Global markets have shown great resilience and consumers have become better at weighing their options by delaying or diverting their travel rather than abandoning it.

Africa has been one of the strongest growth markets, with most destinations showing consistently above average increases in arrivals and receipts. Between 2000 and 2005, international tourist arrivals to Africa increased from 28 million to 40 million - an average growth of 5.6 % a year, compared to a worldwide 3.1 % a year. In the same period, Africa's International tourism receipts doubled from US\$ 10.5 billion to US\$ 21.3 billion.

Speaking at the inauguration of the Tourism Africa Exhibition, UNWTO Secretary General Francesco Frangialli said "This surge in African tourism clearly shows the great potential of our sector of the economy to help trade and development in the region and in so doing, to make an important contribution to the Millennium Development Goals aimed at reducing poverty systemically by 2015 particularly in Africa".

He added "Africa can have substantial comparative advantage with its wildlife, nature, heritage and climate. An advantage which could, if nurtured, allow the world's poorest countries to compete in this dynamic export sector. We must link poverty reduction strategies with programs to strengthen access, infrastructure, info-technology, security, sustainability and quality systems."

UNWTO has initiated a range of activities to advance Tourism to and within Africa -as an export, a socio-economic driver and an instrument of development." A Sub-Saharan African Program; A joint development strategy with the African Union; A STEP program to link Sustainability and Poverty Elimination activities; A Liberalization with a Human Face approach for pro poor trade policies; An "Essential Tourism Development Route" plan with ICAO, to boost air services and A Public Private Partnership with Microsoft to advance e-Tourism for Development.

The Secretary General said that in this same spirit, we are delighted to be the Strategic Partner for Tourism Africa to ensure that every year, there is a special global focus on the opportunities and challenges for our sector in its efforts to support the Millennium Development Goals in Africa.

In a related development, Francesco Frangialli, UNWTO Secretary General has called on world leaders to use the power of tourism to build new global bridges of understanding between states.

He emphasised that "people to people contacts, which only tourism can provide, would do much to counter the vague generalizations and confused perceptions that too often convey distorted images of countries, cultures, traditions and religions.

Frangialli said "Islam, which encourages travel for pilgrimage, has many characteristics in common with tourism such as tolerance, openness and hospitality. This is the reason why so many muslim countries have long established themselves as successful

destinations on the world tourism map. And in so doing, help to diversify their economies and create jobs for young people and at the same time, revitalize their cultural heritage and awareness."

UNWTO supports such initiatives and through its Global Code of Ethics, promotes the kind of tourism which advances sustainable development, cultural diversity and heritage preservation. The Code also calls on visitors and host communities to show mutual respect and understanding for each others' beliefs and lifestyles.

Study reveals factors that make travel agents successful

Researchers at the University of South Carolina's Sloan Foundation Travel & Tourism Industry Center (USC) have found that certain characteristics and practices of the most successful travel agencies can help other agencies and new entrants to the business, improve their operations. Results of this first in-depth study of agency profitability conducted by USC/Sloan were presented at THE TRADESHOW (Travel Retailing and Destination Expo) in Orlando recently."USC/Sloan's ground breaking research will be used as a basis to further enhance the profitability of ASTA members in the future," said William A. Maloney, ASTA executive Vice President and COO. "Travel agencies now have proven success models by which to pattern their business practices, which will undoubtedly change the way many agents build and increase their clientele."

Although the industry took a series of blows between 1995 and 2001, drastically shrinking the number of agencies, some travel agencies have not only survived but thrived. The research presented by USC will explore how those agencies remained healthy despite the elimination of airline booking commissions, competition from the proliferating internet travel suppliers and consumer attitudes in the wake of terrorist attacks.

The project leaders, Dr. David Weaver and Dr. Laura Lawton of USC, sought to identify the strengths, internal and external weaknesses, challenges and opportunities cited by top officers of financially successful agencies large and small, in comparison to those that have not fared as well.

Funded jointly by ASTA's Corporate Advisory Council, The ASTA Foundation, Inc., Marriott International and the Sloan Center--a unit of the university's College of Hospitality, Retail, and Sport Management and Moore School of Business--the study began in December 2005 with a quantitative survey, followed by in-depth interviews with a selected number of agencies' officers to identify the strategies, attitudes and "best practices" of highly successful agencies.

The interviewees noted the need for public education on the value and benefits of travel and using travel agents. And they saw opportunities for strong growth in the next few years through specialization in niche markets and products: retiring "baby boomers" with plenty of discretionary income, the barely tapped cruise-ship market, honeymoons and destination weddings, the gay and lesbian market, eco-tourism and family reunions.

The mission of the American Society of Travel Agents and its affiliate organizations is to enhance the professionalism and profitability of members worldwide.

Source: The Vanguard, Lagos, 3 October 5, 2006.

WTO reiterates ruling against EU's de-facto GM moratorium

The World Trade Organization (WTO) has ruled against an EU 'de-facto moratorium' on genetically modified (GM) seeds in a decision that the European Commission has described as obsolete - a new regulatory framework is currently being implemented.

Since the case was first taken to the WTO by the US, Canada and Argentina in 2003, the EU has taken decisions on 10 GM product applications and is reviewing more than 30 others. 'The situation prevailing today in the EU is fundamentally different to the one considered by the panel,' said Peter Power, spokesperson for EU Trade Commissioner Peter Mandelson. Speaking to the BBC, he added: 'This confirms that the EU system for GM approval authorisation has functioned in strict application of the law.'

The WTO ruling confirmed a preliminary verdict that was issued in February. At the time, US industry groups said that the de-facto moratorium had cost US exporters some USD 300 million per year since 1998.

Justifying the delay in reaching a decision on some products with the precautionary principle, the European Commission said in February: 'The EU approval process may appear to be lengthy for some countries which adopt a more lenient approach towards food and environmental safety issues. [...] The US appears to believe that GMOs that are considered to be safe in the US should be de facto deemed to be safe for the rest of the world.' The EU and its Member States will retain the right to enact their own regulations on the food that their citizens eat, a statement added. The WTO did not address whether biotechnology products are safe, or whether they are in any way different to their conventional counterparts.

The ruling does however state that the EU should now comply with global trade rules, saying that the five-year de-facto moratorium 'resulted in a failure to complete individual approval procedures without undue delay'. The decision does not, however, bring into question the EU's right to carry out risk assessments before approving seeds.

Source: Reuters Geneva, 3 October, 2006.

WTO, IMF Must Consider the Poor

There is need to build strong social movements to demand greater accountability and the adoption of pro-poor policies from multilateral institutions as Africa prepares to host the World Social Forum for the first time on its soil in January next year.

Development experts told journalists and Global Call to Action Against Poverty (GCAP) goodwill ambassadors who met recently in Victoria Falls that emerging activists in eastern and southern Africa must come together to strengthen the African civil society's engagement on World Trade Organisation (WTO) process to fight against trade injustices. "The poverty which is going on in Africa is not natural, it is being manufactured by very selfish people in the WTO, IMF and World Bank," says John Phiri, the founding director of Global Justice Zambia. "Rich countries continue to dominate global politics for their own interest. "These institutions (multilateral agencies) work on one principle -- the high standard of living of rich nations is dependent on the low standard of living in the developing poor countries."

This principle, he argues, is being used to siphon Africa's resources for the benefit of the high living standards of people in rich countries. "Africa has been put in a position where it keeps on importing poverty and exporting wealth through debt servicing," Phiri says. "Africans must realise that some G8 countries and multinationals are not up to any good. These guys are using globalisation as a new tool of slavery to perpetuate poverty and hunger in Africa."

Rallying together, he says, will help raise consciousness among African communities and deepen awareness of global economic and social injustices.

This, he says, is critical in the building of strong social movements and to ignite passion in the fight against Western domination as well as pushing the multilateral institutions to adopt pro-poor policies and increase the space for fair trade and an equitable distribution of wealth. IMF and WB liberalisation policies have opened African economies to exploitation by rich countries and multinationals worsening poverty levels and leaving the continent saddled with a debt of more than US\$320 billion.

Development activists say the Economic Partnerships Agreements (EPAs), WTO trade policies, World Bank and IMF policies were worsening poverty levels in the global south and have had negative implications on economic relations between the European Union and the Caribbean, Pacific and African countries.

They say the process of the negotiations is "imbalanced and rushed" allowing the EU to impose its interests and agenda and dictate the momentum of the negotiations to suit its own needs and purposes. "The European Community has constructed new rhetoric to sell EPAs and justify continuation of its mandate. It has encouraged false hopes of increase in European development assistance to ACP countries and used different forms of pressure, including aid conditionality to continue to override the reluctance of ACP groups to yield to its interests," says an expert. "We have to renew our commitment in the fight against poverty and broaden our coalition," says Thomas Deve of the Mwelekeo NGO (MWENGO), a development centre for NGOs in Eastern and Southern Africa.

Former Malawi vice president and GCAP goodwill ambassador Dr Justin Malewezi says: "Talking is very important to generate ideas. It raises the level of awareness and consciousness which can help build a broad coalition against poverty in the region."

One third of deaths, some 18 million people a year or 50 000 per day, are due to poverty-related causes, according to statistics from UN agencies.

Every year more than 10 million children die of hunger and preventable diseases -- that's more than 30 000 per day and one in every three seconds according to the United Nations Children's Fund (Unicef).

It is also estimated that more than one billion people live on less than US\$1 a day according to a UN human development report of 2003.

An estimated 600 million children live in absolute poverty while about 800 million people go to bed hungry every day. Worrying though, is the fact that the three richest people in the world control more wealth than all 600 million people living in the world's poorest countries

Source: The Herald, Harare, Zimbabwe, 4 October 2006

India seeks UN role in IMF, WTO

India has demanded a lead role for the United Nations in giving direction to comprehensive reform of the international financial, monetary and trading systems to end their domination by a few rich countries.

"The democratic deficit in the international financial architecture can only be addressed through a fundamental reform of the quota structure," Nirupam Sen, Permanent Representative of India, told the UN General Assembly on Monday.

Describing it as an absolute necessity for the credibility and legitimacy of international financial institutions, he said the UN should encourage further, effective and time-bound steps for the second stage of IMF quota reform without delay.

Voicing concern at the suspension of the Doha Round of trade negotiations, Sen said many developing countries' problems are not because of inadequate liberalisation or corruption but because developed countries set the agenda and went back on their promises, thereby ensuring that the history of trade negotiations would be a history of broken promises.

Demonstration of political will by developed countries will be required if negotiations are to be saved. A clear political direction to the World Trade Organisation that was not possible in the 2005 World Summit in spite of broad political support remains necessary.

The primacy of development on the global agenda can only be achieved if the UN takes a lead in setting the international economic agenda. The problem is the reform of the UN system, the reinstatement of the UN-driven and development oriented approach, Sen said.

What is needed is the UN overseeing the international economic agenda and promoting the reform of international economic institutions through a revitalized General Assembly, a strengthened Economic and Social Council and a reformed Security Council, he said.

In the IMF, the rich countries, in fact a single rich country has virtually a veto, Sen said in an obvious reference to the United States, noting that the most powerful country appoints the head of the World Bank and, with Western Europe, shares the top two posts of the IMF.

Unless developing countries managed to change things lock, stock and barrel, the organisation may pass out of their hands and they would end up as irrelevant spectators without any rights.

Source: United Nations, Indo-Asian News Agency, 3 October, 2006

U.S. Senators Make another Attempt to Block Russia's WTO Bid

The Wall Street Journal has reported that a new opposition is emerging in the U.S. Congress to Russia's bid to enter the WTO.

The paper acquired a copy of a letter signed by four senior U.S. senators and addressed to U.S. Trade Representative Susan Schwab. The senators raised questions about Russia's ongoing efforts to help Iran develop a nuclear-power station. Just last week, Russia and Iran signed an agreement setting a September 2007 startup date for the power plant.

The senators warned they are prepared to oppose Moscow's entry into the WTO, unless Russia's nuclear cooperation with Iran is brought to a halt. They voiced concern that "Iran will be able to enrich the nuclear fuel" used at the power station "for eventual use" in a nuclear weapon. "We are alarmed at even the possibility that Iran could develop a nuclear weapon and we find Russia's role in accelerating this process deeply disturbing," the senators wrote, citing fears that Russia may help Iran build additional nuclear power reactors. "We hardly believe this is the behavior of a responsible member of the global trading community."

Working through the United Nations, the U.S. and its European allies have been trying to limit Iran's ability to develop nuclear weapons. At the same time, Schwab is leading negotiations for the Bush administration on a trade deal that would clear the way for Russia's entry to the WTO. Any WTO deal would trigger action by Congress repealing Cold War-era economic restrictions on Moscow.

Source: Wall Street Journal, 2 October, 2006.

Senior WTO officials to meet in Dominica

Senior trade officials and private sector representatives from the WTO member states of the OECS will gather in Dominica from October 4 – 5, 2006 for a very important brainstorming meeting to discuss the participation of OECS countries in the WTO and the Multilateral Trading System.

The meeting, entitled “The OECS within the Multilateral Trading System: Strategic Options”, is organized by the Agency for International Trade Information and Cooperation (AITIC) in collaboration with the OECS Secretariat and the Ministry of Foreign Affairs, Trade and Labour. The primary objective of the meeting is to provide OECS countries with an opportunity to exchange views and examine strategic options for their participation in the multilateral trading system.

The programme for the two-day event will cover a broad overview of the situation in the Doha Work Programme, an examination of the situation of the small and vulnerable economies with particular emphasis on small island countries, an examination of regionalism and multilateralism in light of the situation of the WTO at the time, and a discussion of strategic options. Participants will come from all OECS member States who will be senior Trade officials and private sector representatives. Also attending will be representatives from the Diplomatic and Technical Missions in Brussels and Geneva. The WTO was established in 1995 at the end of the Uruguay Round of Multilateral Trade Negotiations as the international organization responsible for setting rules for the conduct of international trade among nations. It is the governing body of the multilateral trading system. Dominica and most of the OECS Member States were founding Members of the WTO and other joined a year latter.

Recently the WTO Member States have been engaged in the Doha Round of Multilateral Trade Negotiations. Carded as the Doha Development Agenda, this round of negotiations was lauded as the round to bring development back to the heart of the multilateral trading system for the benefit of the smallest, weakest and poorest members. However the negotiations were suspended indefinitely in July this year amid a breakdown in the talks due an inability of the key players to arrive at an agreement on the most contentious issues on the table.

Developing countries and particularly small vulnerable economies like those in the OECS have complained that their interests and concerns are not being fully reflected or taken into consideration in the negotiations and that the talks had gotten off tract from its development focus.

The suspension of the talks therefore has afforded all Members the time to reflect on the goals that were established when the negotiations were launched. The brainstorming meeting will provide the opportunity for the OECS to examine their participation in the WTO and the multilateral trading system and arrive at strategic options for the way forward.

Source: Reuters, Roseau, Dominica: 4 October 2006

WTO approves U.S. subsidy compliance panel

U.S. cotton farmers will get another day in court after the World Trade Organization's dispute settlement body agreed to Brazil's request for a compliance panel to review U.S. implementation of an earlier panel's ruling against the U.S. cotton program.

Brazil filed its second request for a compliance panel at a meeting of the dispute settlement body in Geneva on Sept. 28. The U.S. Trade Representative blocked the first in early September, saying the United States government has taken "extraordinary steps" to comply with the ruling. Brazilian officials claim the U.S. government has "adopted no implementation measures at all and that the implementation measures it has adopted fall far short of compliance with the covered agreements."

Following WTO procedures, a three-member compliance panel will be established within a short time period, according to National Cotton Council staff members who have been following the case. That panel will then establish procedures and a timetable for consideration of Brazil's charges.

WTO dispute settlement procedures provide that a compliance panel report is to be completed within 90 days of the panel's establishment. "The National Cotton Council will continue to work with the US Trade Representative's office and USDA in developing a defense to the latest Brazil charges," the Council said in a statement.

The Brazilian government has said it will seek trade sanctions of up to \$1 billion from the United States because of U.S. non-compliance with the WTO ruling.

Public Forum Debate On WTO's Future Touches On IP Issues

Source: Reuters Geneva, 3 October, 2006.

India, S Africa ask developed nations to cut farm subsidies

India and South Africa have agreed to intensify co-operation at multilateral fora to jointly address global challenges, as part of which they asked rich countries to cut farm subsidies for resuming WTO talks. "Failure to conclude the negotiations in accordance with the mandate will deprive developing countries of fair and equitable conditions for fully realising their comparative advantages across agriculture, industry and services," a joint declaration issued at the end of talks between PM Manmohan Singh and South African President Thabo Mbeki said.

The suspension of Doha round of WTO talks constituted a "grave setback" to the development promises of the round and a "serious disappointment" for developing countries, they said. Global trade talks collapsed in July after a group of six key trading nations, including India and the US, failed to reach a consensus on cutting farm subsidies by developed countries and getting market access in developing nations. India and South Africa "agreed to intensify consultations and co-operation in multilateral fora such as Commonwealth, G-77 and G-20 with a view to jointly addressing global challenges, the declaration said.

Mr Singh and Mr Mbeki lamented that multilateral talks were suspended as it had pitted the interests of corporate agriculture and large industrial houses of developed countries against small and vulnerable producers of poor nations. Both leaders emphasised that substantial reductions in trade-distorting domestic support given by rich nations such as the US and EU was an "unfinished agenda" and must be secured to meet the agreed aim of establishing a fair and market-oriented trading system in farm sector. "The talks are continuing. The next round is in a week. The number of issues has been reduced to a minimum," Maxim Medvedkov told reporters in Moscow. US President George W Bush and Russian President Vladimir Putin later set a new goal of finishing the talks in October.

Interfax news agency quoted Russian economy minister German Gref as saying that the talks were progressing constructively. "I hope we will be able to settle all issues with our partners," Gref said, Interfax reported. Washington says Russia still needs to do more to open its market to US agricultural products and to stop the piracy and counterfeiting of American goods.

It also wants increased access to Russia's financial services markets. Russia is the only major world economy still outside the 149-member world trade body and has been negotiating entry to join for 13 years.

Source: Moscow/Pretoria News Agencies, 3 October 2006.

Centre delays anti-dumping duty, customs bond decisions

Exactly two months after the first round of WTO consultations in Geneva on the anti-dumping duty and the related customs bond issue imposed on shrimps by the US, the Centre is yet to take a decision on the matter.

Incidentally, Thailand, which also had similar discussions in Geneva around the same time, has already proposed to the WTO that a panel be formed to look into the issue, as they were inconsistent with provisions of GATT and the anti-dumping rules.

While the shrimp exporters here had sought certain clarifications which the US department of commerce had submitted and also suggested to the Union commerce ministry to go ahead to fight the case at the WTO level, little has been done from the Centre's part and the delay could jeopardise India's prospects, they feel.

The initial round of hearing was conducted in Geneva on July 31 where Union commerce ministry officials and representatives of the exporters, besides officials of the US department of commerce (DoC) were present. On several issues raised at the meeting, the US authorities had promised to revert and it was recently that the US department of customs and border protection (CBP) offered replies which the commerce ministry was looking at, said top officials.

The US authorities had prior to the Geneva meeting suggested that there could be rating for Indian exporters to be undertaken by the US authorities and based on this there could be a waiver of the customs bonds.

However, exporters had reservations about the suggestion which the US authorities termed as 'non-paper' and felt that the whole issue of anti-dumping duty and the annual customs bond which ran into core and drained funds had to be taken up at the WTO level.

While exporters had sought certain clarifications and also assurances that there had to be transparency in the criteria for financial rating and the CBP should also allow appeal, the US authorities were yet to give clarifications, exporters said.

While the US authorities have justified the imposition of customs bonds over and above the 10.17% anti-dumping duty imposed on Indian shrimp, the Thai authorities have already taken up the matter at the WTO level.

Thailand has said that the anti-dumping duty was inconsistent with Article VI of the GATT 1994 and the continuous bond requirement violated US obligations under the GATT and was a 'disguised' restriction on international trade. Through the bond, the US had failed to administer its customs laws, regulations and administrative rulings in a 'uniform, impartial or reasonable manner' and therefore violated Articles of GATT.

Exporters here felt that India should take up the matter immediately as delay would hamper the country's prospects.

Source: Reuters, Kochi, 2 October 2006.

WTO Woos Africans Back to Talks

Mr Paschal Lamy, Director-General, World Trade Organisation, yesterday appealed to the Federal Government to use its political weight to persuade African countries to go back for the Doha Round of talks.

There had been a stalemate in the last meeting, suspended in July, because of the disagreement on the topics of negotiation, which is agriculture, between basically America, EU and India. India and other Third World nations, which felt the terms of the trade talks were skewed in favour of the developed economies, refused to budge from the demands they made of the advanced nations.

Lamy, who was in Nigeria as part of a global tour to renew negotiation process in Geneva, said during a visit to the Minister for Commerce, Dr. Modibbo Umar, that "what I have gotten so far from my contact is that there is, everywhere, the desire to restart negotiation. As compared to the extra mile, which has to be done in the negotiation, the cost of failure will be huge and as is to be expected, bigger for the small and the weak in the system than for the strong."

He said bilateral trading was easier for bigger elephants like the US, EU or India, than for smaller countries.

Source: This Day, Lagos Nigeria, 4 October 2006