

SA advocate on WTO body

David Unterhalter one of the country's leading advocates, has been appointed to the dispute settlement body of the World Trade Organisation (WTO). The WTO announced this week that Unterhalter had been appointed to the seven-member appellate body to replace the late John Lockhart, who passed away in January.

Unterhalter, who is an advocate at the Johannesburg and Cape Bars, is a director of the Mandela Institute and a professor at the School of Law at the University of the Witwatersrand. Unterhalter areas of specialisation include commercial law and regulatory work, including exchange control regulations, competition law and trade law.

Source: Business Report, South Africa, 2 August 2006.

Japan PM vows to work for restart of WTO talks.

Japanese Prime Minister Junichiro Koizumi has vowed to work towards a swift resumption of World Trade Organisation talks on tearing down global trade barriers." Japan is committed to setting the negotiations back on track to realise the early conclusion of the round," Koizumi said in a statement. He said it was "extremely disappointing" that the Doha Round of the WTO had been suspended.

The talks, which were supposed to dismantle worldwide barriers in agricultural and industrial trade, are now on hold after major players failed last week in Geneva to bridge their differences. Koizumi said Japan would continue to pursue bilateral and regional free trade agreements as a complement to the multilateral talks. On agriculture, a major stumbling bloc in the WTO talks, Japan will continue with reform of its agricultural policy to prepare farmers for globalisation, Koizumi said.

Source: - AFP, China, Business News, Tokyo, 1 August 2006.

IMF chief warns against patchwork trade deals

IMF chief Rodrigo Rato warned against a patchwork of national and regional trade deals replacing a more ambitious reform of global commerce by the WTO. Rato also said the International Monetary Fund was determined to help poorer countries avoid relapsing into financial crisis as they win relief from donors on their heavy debts.

The collapse last week of the World Trade Organisation's troubled "Doha Round" of talks had been "very painful", the IMF managing director said in a speech at the Center for Global Development here. "I hope that this is a pause, rather than a collapse, in the negotiations, and that negotiators will persevere and try to conserve the gains that have already been made," Rato said. "I am referring especially to measures that are of particular concern to the poorest countries, such as phasing out export subsidies -- including on cotton -- and providing quota- and duty-free access from the poorest countries to developed and large developing country markets."

The Doha talks, which were supposed to dismantle worldwide barriers in agricultural and industrial trade, are now on hold after major developed and developing players failed last week in Geneva to bridge their differences. Both the United States and European Union say that without a WTO deal, they will pursue more trade pacts with major partners at the bilateral and regional level. But Rato said: "I would also urge all countries -- including low-income countries -- to be cautious in pursuing bilateral and regional trade agreements. "Multilateral trade reform remains the best way forward, and there are potential costs from bilateral agreements in trade diversion, confusion and demands on limited institutional capacity," he said. In other remarks, Rato said the IMF was determined to increase the say of poorer countries in its decision-making as the Fund and the World Bank head into their September annual meetings.

He noted that low-income countries are seeing the cancellation of about 50 billion dollars in crushing debts owed largely to the IMF and World Bank, as part of a year-old deal by the Group of Eight nations. Rato warned there was a "serious risk" of the beneficiaries losing their gains if they borrow more sums on worse terms to finance spending that does not promote growth. "There are already signs of new lenders -- some private, some official -- rushing in now that debt has been reduced," he said. "We can help countries understand the risks of a rapid build-up of debt and design medium-term debt strategies aimed at avoiding unsustainable debt," he said, noting the IMF and World Bank are already advising nations on this. "We can also sound the alarm to official creditors when debt or debt service levels are likely to become a problem. Sometimes they will not like this advice, but they should listen to it, and we should give it," Rato said. Source: AFP, Washington, 1 August 2006

Barbados blames US for WTO deadlock

World Trade Organisation (WTO) director-general, Pascal Lamy, opens the informal Trade Negotiations Committee meeting at the WTO headquarters, in Geneva, July 24. Talks by major trade powers to save the World Trade Organisation's Doha round collapsed last week, leaving the future of negotiations on a global free trade deal in doubt.

It was not politically expedient for America to allow the recently collapsed World Trade Organisation (WTO) talks to succeed, according to the Barbados Minister of State in the Ministry of Foreign Affairs and Foreign Trade, Kerrie Symmonds, who said the Americans were "more inward-looking now than they have ever been."

Symmonds contended: "There has been inflexibility from the very beginning on the part of both the Europeans and the Americans - but particularly so, the United States. "Their position is particularly disappointing because small economies with a long history of relationships, in terms of trade and efforts at development, with big economies expect that when you come to a table to set concrete rules and work out deadlines which would be mutually advantageous, you are going to be dealing with people who come to the table with clean hands." The minister said this was Barbados' main complaint about its biggest trading partner, even in negotiations in the Free Trade Area of the Americas.

And, while Barbados and other developing countries try to grapple with the impact of the failed WTO talks, Symmonds charged: "What we continue to see is a willingness to protect the U.S. farm belt at all costs - and there is no secret that Oregon, Nebraska and Arizona are the states which are most meaningful to the fight of the Republicans in Congress to retain their strength."

The Barbadian politician assessed that a certain level of political expediency was "creeping into" the multilateral trading process.

He told Barbados Business Authority: "If these talks broke down as a result of political expediency, the time is perhaps ripe for political intervention at the very highest levels in order to get the thing back on-stream so that the whole world does not suffer as a result of it."

Source: Jamaica Gleaner News, Reuters, Geneva, 1 August 2006.

EU to approach WTO to cut India duties on whisky and wine

The ongoing battle for access to India's vast whisky and wine market has entered a new phase with the European Union deciding to seek the removal of India's restrictive import duties under WTO's dispute settlement mechanism.

For several years, makers of Scotch whiskies and wines in European countries have been lobbying with the Indian government for the removal of several layers of import duties. Such duties, they allege, have prevented access to the Indian market and encouraged the circulation of counterfeit products.

Based on a complaint lodged in July 2005 by CEPS (the European Spirits Organisation) and CEEV (Comité Européen des Entreprises Vins), the European Commission (EC) -- the executive arm of the EU -- initiated an investigation in September 2005 and has now concluded that the levy of additional duty and extra additional duty amounted to "blatant cases of breaching fundamental WTO rules".

The detailed report, compiled on the basis of representations from various stakeholders and a visit to India earlier this year, was handed over to the Indian government last week. The report states that the situation was sought to be resolved through diplomatic means over the last five years and added, "This route has failed to resolve the problem".

Sources in the Scotch Whisky Association (SWA) -- one of the key parties to dispute -- accuse Indian liquor producer-politician Vijay Mallya of ensuring that the restrictive import duties are not removed, thus preventing European companies from accessing the multimillion-pound Indian market.

On his part, Mallya has often accused the SWA of hostility and preventing Indian whiskies from being sold in the European markets.

Unless India moves soon to abolish the layers of import duties for Scotch whisky and wine, the EU will take the case to the WTO for settlement, which may lead to retaliatory measures by the EU.

The report alleges that the investigation "has been marked by the refusal of the Indian government to cooperate effectively. That refusal is unprecedented... It has hampered, to some extent, the efforts of the Commission services to conduct a timely examination... The Indian authorities, Indian producers and associations of Indian producers failed to reply to the questionnaires".

It adds that all individual Indian producers of wines and spirits refused the invitation to meet Commission officials during their visit to India.

The complaint against India's import regime for Scotch whisky and wine is that the duties were inconsistent with Articles II, III and XI of the GATT 1994.

According to the report, the investigation has confirmed that the imposition of Additional Duty and the Extra Additional Duty constitute blatant violations of the WTO obligations of India.

The report states: "At this stage, the Community must therefore defend its rights, negotiated in the WTO, to obtain market access for Community producers of BIO wines and spirits in India, and uphold the Community's systemic interest in ensuring that all of its trading partners observe the international trade rules, and the obligations

contained in the WTO Agreement."

According to the report, the investigation has confirmed that India applies, in addition to ordinary customs duties (Basic Customs Duty) of 100 per cent (wines) and 150 per cent (spirits) ad valorem, Additional Duty to imported bottled wines at rates of 20 per cent to 75 per cent (depending on the price of the imported products) and to imported bottled spirits at rates of 25 per cent to 150 per cent (depending on the price of the imported products). It states: "The investigation has also confirmed that India applies, in addition to Basic Customs Duty and Additional Duty, Extra Additional Duty to imported wines and spirits (bottled as well as bulk) at a rate of four percent ad valorem. "This overall duty burden exceeds, by a large margin, the bound tariffs of India (bound at 150 per cent ad valorem) in respect of both (bottled) wines and spirits, contrary to Article II:1 of the GATT 1994...There is therefore evidence of an obstacle to trade within the meaning of Articles 2(1) and 4(1) of the TBR (Trade Barrier Regulations)."

It is a matter of "serious concerns", the report states, that Bihar, Daman and Diu, Jharkand, Tamil Nadu and Uttaranachal "may be restricting sale of imported wines and spirits, contrary to Articles III:4 or IX of the GATT 1994".

According to EC export statistics, EC producers exported directly to India 249,600 nine-litre cases of spirits in 2004 at a total value of euro 15.8 million, of which approximately euro 12.9 million were whiskies, euro 1.0 million cognacs, armagnacs and brandies, euro 0.7 million vodkas, euro 0.5 million liqueurs, and euro 0.2 million for rums and gins.

EC producers also exported directly to India wines in 2004 at a total value of euro 3.8 million. Noting the recent liberalisation focus of India's economy and its impact on consumer attitudes, the report states: "The social perception of consuming alcohol is also changing -- notably as regards the consumption of wine -- and drinking is as a result becoming more socially acceptable. "This change may be enhanced in the coming years by the policy of the Indian government promoting wine production, and consumption of wine as an alternative to Spirits...According to EC industry, Indian producers and an independent study carried out for the Indian government, consumption of wines and spirits is expected to grow respectively by 20 per cent and 10 per cent per year over the next decade."

The report adds that informal, or 'grey', distribution of imported wines and spirits" occurs on a considerable scale within India, according to the Indian government and industry sources". "Information collected during this investigation suggests that the informal network is mainly supplied by goods smuggled into India or sold -- above the quantitative limits laid down by Indian law -- by duty free outlets in airports. A share of the 'grey' market trade is locally produced counterfeit products."

The report states that despite the elimination of India's non-automatic import licensing regime (quantitative restrictions) in 2001, imports of wines and spirits from the EC decreased in 2002, and since 2003 imports have increased only gradually in line with the overall growth in consumption in India of wines and spirits, leaving the market share of imported wines and spirits virtually unchanged. Thus, none of the effects that

could be reasonably expected to flow from the elimination of the (WTO-illegal) quantitative restrictions have appeared, and the Indian market for duty-paid BIO products has remained virtually closed as a result of the application of high Basic Customs Duty and Additional Duty since 2001

Source: Indo-Asian News Service, London 1 August 2006

Asia can ill afford to stay on sidelines

THE Doha world trade round has all but ended. Although not yet clinically dead, it is “between intensive care and the crematorium”, as Kamal Nath, India’s commerce minister, put it. Resuscitation may be attempted, but the prognosis looks bleak. US trade negotiating authority expires in less than a year and would almost certainly need to be extended to wrap up any worthwhile deal. To consent to that, a skeptical congress would want to see a lot more goodies on the negotiating table. The round’s last debacle, in Cancun in 2003, was widely attributed to the increasing unwieldiness of the World Trade Organisation (WTO), hamstrung by a preponderance of poorer countries lacking any coherent agenda but all too ready to use their veto power. Last week’s failure, however, was of a more classic vintage: an impasse over agriculture, trade liberalisation’s hoariest bugbear, that many blame squarely on US intransigence.

Whether or not that charge is justified, domestic constraints on US negotiating flexibility have created a leadership vacuum that no one else has been ready or able to fill. Not the European Union, torn by internal divisions between liberals and protectionists; not Japan or India, whose overriding priority is to keep farm imports out; nor China, in spite of its dependence on exports and its yearning for global kudos. All the big WTO players are culpable to a degree.

After Cancun, there were suggestions that liberal-minded WTO members should forge ahead together, extending unconditionally to all the others any deals agreed on. That now looks fanciful. How can there be a coalition of the willing, when the willing are so few? Equally optimistic is the idea that liberalisation would be an easier political sell if marketed honestly for what it is: a way to generate economic gains by making imports cheaper.

The problem is that the gains, although large in total, are so thinly spread as to be near-imperceptible to most beneficiaries. Furthermore, internationally tradable goods, such as food and consumer durables, account for an ever-smaller share of household spending in rich countries, where consumers are most vocal. In the end, unless governments have the incentive and guts to override recalcitrant vested interests at home, deals will not happen.

In truth, the Doha round is a victim of collective political apathy, inspired not by the failure of the global trade system, but by its extraordinary success. The WTO may have lowered few trade barriers in its 10-year existence, with the exception of the far-reaching cuts agreed to by China when it joined. But the cumulative effect of past liberalisation continues to yield huge benefits. These have been buttressed by the remarkable resilience of the global economy. In spite of repeated shocks, protectionism remains confined to the margins; trade growth regularly outstrips world output and unilateral market-opening continues in many parts of the world.

From that perspective, failure of the Doha talks looks like just a missed opportunity. The longer-term costs, however, may be more serious. One is to accelerate the proliferation of

preferential trade deals, with Asia at its centre. Most such deals do pitifully little to open markets and instead pile up regulatory barriers and costs.

A bigger danger is that the rules underpinning the multilateral system will begin to crumble. While WTO members were paying lip service to completing the Doha round, they had a common interest in exercising restraint in picking trade quarrels.

The WTO's disputes settlement system is its one big success. But its effectiveness depends entirely on sovereign members' willingness to comply voluntarily with rulings. How long can any judicial system continue to do its job without the political "lock-in" provided by continuing legislative activity in parallel?

Everyone would lose from a return to tit-for-tat trade hostilities and the economic uncertainty they would create. But no region is more vulnerable than east Asia. It generates one-third of world merchandise exports while its lack of common regional institutions and rules makes it heavily dependent on the WTO to keep markets open.

Yet since the start of the Doha round, east Asia's bigger players have sat on the sidelines, leaving it to others to kick the ball. The talks' collapse makes indifference and complacency much riskier options.

The deep fault lines of mutual mistrust that divide east Asia, and particularly China and Japan, will long prevent it taking any concerted regional initiatives in the WTO, or in any other multilateral forum. In the foreseeable future, only the US can exercise the necessary leadership. But when the time comes to start picking up the pieces from the wreckage of the Doha round, it is in Asia's own interest to be first in the queue to lend a helping hand.

Source: Reuters, New Delhi, 1 August 2006

Revival of world trade talks could take place within weeks

A deal may still be salvaged from collapsed world trade talks if US President George Bush can convince congress to renew his fast-track negotiating mandate, European Union (EU) trade commissioner Peter Mandelson said yesterday.

But no agreement should be expected this year and a new global deal was unlikely for several years unless Bush's mandate was prolonged, he said.

The EU, US and Japan have blamed each other for the collapse of global trade talks, billed as a once-in-a-generation chance to boost growth and ease poverty.

The decision to halt the World Trade Organisation's (WTO) Doha round on July 24 came after trading powers failed to overcome differences on reforming politically sensitive agricultural subsidies. "We must avoid burning our bridges. We should try to find a way back to the table," Mandelson said.

"Unless Bush persuades congress to renew his mandate, the talks have little prospect of concluding for some years," he said.

US trade Representative Susan Schwab and Brazilian Foreign Minister Celso Amorim said at the weekend they expected international meetings aimed at unfreezing global free-trade talks to be held within five to eight months.

An Australian newspaper said last week the country wanted to revive the talks at a meeting in September, to which it had invited leading WTO members.

British Prime Minister Tony Blair said at the weekend that he and Bush had agreed to make "one final effort" to revive global trade talks, voicing hope it could take place within weeks.

The collapse of the Doha round would strengthen those politicians worldwide advocating national economic protectionism, and make it more difficult to anchor India and China into an open trading system, he said. "I have not at all given up on the WTO trade round," Blair said.

Mandelson said that to reach a deal, the EU would have to cut its average agricultural tariff close to that requested by developing countries and ensure it offered real new market access on the most sensitive products.

France is under the most pressure from its farmers not to yield to persuasion.

The US would have to cut its trade-distorting subsidies for the farming sector by no more than a few billion dollars. "This is politically hard with the midterm elections in November, but not impossible," Mandelson said.

Source: Reuters Brussels, 1 August 2006.

Doha collapse: Gov't to pursue bilateral talks

After the suspension of the Doha round, the government will actively pursue bilateral trade negotiations. Only 25% of India's trade is dependent on WTO negotiations, an official said on Monday.

"Though we would have gained from a convergence, we still don't have much to lose as 75% of our total trade falls outside the ambit of the WTO negotiations," special secretary (commerce) GK Pillai said at an Indian Council for Research on International Economic Relations (Icrier) seminar.

The suspension of the Doha round has brought all previous commitments to a standstill. "The negotiations that took place at the Hong Kong ministerial are not binding now, keeping up with commitments is now up to individual countries," he said.

India would have gained on the grounds of reduction of domestic support as no bilateral agreement would help India to get a cut in domestic support as at the WTO, informed the official. "We have lost on this, but we still gain from the expiry of the peace clause," he said.

With the expiry of the peace clause, the US is expected to have more and more cases filed against it in the international court if it fails to keep up with its commitments. "In fact, this time, the US was the only country in the forum to ask for the re-introduction of the peace clause," he said.

The fallout of the Doha round was a loss for both developed as well as developing countries, but there is still some hope for the negotiations to work out. "We came close to a deal this time and the landing ground for an agreement is still there as we cannot expect to solve all problems in a short span," he said.

Source: **Financial Express, Economic Bureau, New Delhi 31 July 2006**

India rejects US plea on WTO peace clause

India has rejected the US attempt to invoke fresh life into the expired Peace Clause in agriculture trade, which prevented countries from challenging subsidies provided by developed countries on agricultural exports at the World Trade Organisation (WTO).

India's rejection of the extension plea was based on the argument that since subsidies provided to industrial products could be challenged; there was no justification for giving special treatment to agric products. The US has been trying to reactivate the peace clause, which expired on January 31, '04, since it resulted in its agriculture exports being challenged by countries like Brazil (cotton) and Canada (corn). Brazil also won a case against sugar subsidies being given by the EU last year following the expiry of the Peace Clause.

Speaking to ET, commerce & industry minister Kamal Nath said that in his recent meeting with US trade representative Susan Schwab, he maintained that if the Peace Clause was reinvoked, it should not be exclusive to agriculture. "The Peace Clause is neither in the Doha mandate nor in the framework. If it has to be woven into the round, it should be negotiated in all aspects of the WTO," he said. The US had requested for a renewal of the Peace Clause in October '05. When developing countries refused to oblige, the EU took centre-stage and argued for extension of the clause during the Hong Kong ministerial meet in December '05.

According to a report by international non-governmental agency Oxfam, the EU and US could face challenges from developing countries on \$13 billion of illegal agricultural subsidies, including rice, corn and tomatoes. While the EU claims that the reforms that it was bringing about in the common agricultural policy would make a huge dent in subsidies, the Oxfam report said that the reforms would not end the damage being done by dumping to developing countries.

Source: Times News Network, 1 August 2006.

China faces Indian dumping allegations

The number of anti-dumping actions being filed against China by other developing nations is increasing. China is now aggressively expanding into these markets and meeting resistance from governments trying to protect their domestic industries.

In the largest anti-dumping investigation to date launched by one developing country against another, India is currently accusing China of dumping silk and satin into the Indian market.

China is the world's largest producer of silk and India is its largest market.

The problem is that India is also a major manufacturer of silk.

Indian silk producers claim that the price of Chinese silk in India is so low that they cannot compete. They say the Chinese must be "dumping", or selling their products at below what they cost to produce.

In May, the Indian government launched a formal investigation.

Indian investigators have yet to report on their search for evidence of dumping by five of China's largest silk exporters. In the meantime, the Indian government has introduced provisional tariffs ranging from 57% to 116% on silk imports from China. The deputy general manager of one of the Chinese company's under investigation, Lu Xing, thinks the tariffs are unfair and will not only have a "huge negative impact on China's enterprises that export silk fabric to India" but will also "increase the price that Indian consumers have to pay for silk products.

Furthermore, India's domestic manufacturers cannot produce enough to satisfy all the demand from Indian consumers, so there could be a shortfall.

Lastly, a high anti-dumping tariff raises the possibility that companies will start smuggling goods from China into India, and that is a situation that neither country's government wants to see happen." "While protectionist measures taken by developed nations against China have been making the headlines, developing country protectionism has received less attention," says Stephen Green, China chief economist for Standard Chartered Bank.

Between 1995 and 2005, India filed more anti-dumping complaints against China than either the US or the EU.

Meanwhile, other countries including Turkey, Argentina, Brazil and Colombia - nations China refers to as developing nation "partners" - have all increased anti-dumping complaints about China.

According to the World Trade Organization (WTO), China was the most popular target for new anti-dumping complaints during the second half of 2005, up 40% when compared with the same period of 2004. China is seen as a threat by other developing nations because significant industries in these countries compete directly with Chinese firms.

For example, Sri Lanka and India still have large textile-manufacturing sectors - unlike the US or the EU, where textile production is a sunset industry. When a Chinese firm is accused of dumping, they are asked to prove that they have not received any financial assistance from the government, neither directly nor indirectly.

They must prove, for example, that they have paid a decent price for the land the factory

is built on, and that all their taxes and bank loans have been paid in full. "This is tough, particularly for a private firm, which usually only survives by flying under the radar," says Mr Green. "Chinese firms are at an additional disadvantage when dealing with developing countries because they often lack the resources to carry out a thorough investigation.

It is easier to come down against China. India is expected to decide whether to introduce permanent tariffs against Chinese silk imports by the end of 2006. If tariffs are introduced, the Chinese are warning that it will jeopardise the livelihood of 10 million Chinese silkworm farmers and many more silk factory workers.

Trade between India and China has surged from \$2bn in 2000-01 to \$18bn in 2005-06.

Chinese-made textiles, toys and electronic goods abound in India's retail market while India provides materials for China's booming construction sector.

China has predicted that bilateral trade between the two could reach \$100bn dollars in less than 10 years. But a lot will depend on whether India continues along its newfound protectionist path.

Source: BBC News, Shanghai, China 1 August 2006

World bank chief upbeat about Africa.

The World Bank Chief, just back from Sierra Leone and Liberia, says he is optimistic about the economic prospects for Africa. Wolfowitz spoke Monday at Washington's Heritage Foundation.

Since becoming World Bank president 14 months ago, Wolfowitz has made fighting corruption and boosting development in Africa his priorities. In the 1990s Sub-Saharan Africa fell behind economically as the number of Africans living in absolute poverty, earning \$1 per day or less, doubled to 300 million. Africa also suffers from having 60 percent of the world's cases of HIV/AIDS.

But Wolfowitz also pointed to more positive trends. These include the rich nations promise to write off 37 billion dollars of African debt and a commitment to double the inflow of assistance to \$50 billion a year by 2010. Fifteen Sub-Saharan countries have registered five percent annual growth rates for 10 consecutive years. And the fastest growing economies, Rwanda and Mozambique, have achieved eight percent annual growth.

Wolfowitz also sees African progress in fighting corruption. Leaders, he says, are committed to combating corruption because there are tangible benefits from doing so. "A country that improves the quality of its governance can almost triple the income per capita of its population over the long term; can reduce infant mortality and illiteracy by two-thirds. And that's what some people call the triple dividend of good governance," he said.

Africa, says Wolfowitz, can register progress against corruption by reducing the red tape that discourages business activity. "On average it takes 64 days to launch a company in Africa compared to two in the fastest country, Australia. A new African entrepreneur needs twice the per capita income to start a new business just to pay the licenses and fees, compared to Denmark where it is zero," he said.

Wolfowitz praised the newly democratic governments in both Sierra Leone and Liberia and said they deserve increased financial support.

African Activists and Researchers Gang Up Against GATS

African trade activists, researchers and academics who gathered here in Accra for a four-day workshop on 'Services liberalization, Gender and Development' have argued that African countries would slip further into deep poverty if they agreed to liberalize their services as demanded by the rich nations.

Currently under the World Trade Organization's General Agreement on Trade in Services (GATS), African nations are being asked to make commitments, listing all the services they would want to liberalize. Under GATS, services include everything from education, healthcare, transport, investment, communication, financial services, energy, and water to the movement of people, among others. And it is these, which the rich nations want African governments to open up for competition under the multilateral agreements at the WTO.

The over 50 participants drawn from all over Africa, said there already exist overwhelming evidence that the Services Liberalization, which African countries pursued in the past 25 years as part of the conditionalities imposed by International Financial Institutions (IMF and the World Bank), and through bilateral conditions of the major economic powers. This, the activists say, must not be allowed to continue.

According to the participants, water privatization across Africa, has allowed multinational consortiums to cherry pick upper level urban consumers, leaving urban slum and rural consumers to the mercy of charity.

This has led to the transfer of the gains and benefits from these sectors to the foreign multinational services companies that have become increasingly dominant through deregulation and privatization measures and their acquisition of the most attractive and profitable services.

Another impact of services liberalization, the participants argue, has been to increase the disadvantages that Africa already suffers in the increasingly important international services economy as it has a paltry 2% share of international trade in services - valued at \$2.5 trillion annually.

They also noted that while the continent's services sectors have generally not even reached the minimal threshold of sustained growth to provide the minimum support for Africa's domestic economic activity and human welfare, and are at a distinct competitive disadvantage; trade liberalization processes are forcing their integration into the highly unequal, monopoly-dominated global services market.

All these, they agree, will lead to further loss of jobs and revenue as the financial services sector, extractive industry, retail trade and the media and communications industry all fall to multinational corporations.

The integration of services sectors into the global pattern of profit-led growth rather than development-led growth will, they contended, extend and entrench foreign monopoly, while perpetuating Africa's domestic incapacity, with even more devastating consequences for human and economic development in Africa.

They have therefore called on African governments not to make any commitments under the GATS.

The participants mainly activists working in the area of trade, gender and the extractive sector came from countries such as Morocco, Senegal, Gambia, Sierra Leone, Congo DR, Nigeria, Benin, Zimbabwe, Zambia, South Africa, Kenya, Uganda, Mali and Ghana.

Source: Public Agenda, Accra, Ghana 31 July 2006.

Kenya Told to Clean-Up Mombassa Port

THE East African Community trade, finance and investment ministers have directed the Kenyan government to resolve the complaints of levying double taxes on Ugandan importers who use Mombassa port." In a meeting held on July 18 at Arusha, they noted concern over double taxation on Ugandan importers using the Mombassa port by Kenya Revenue Authority and Kenya Ports Authority and urged the Kenyan government to resolve it immediately," Hillary Obonyo, the Uganda Manufacturers Association's executive director, said. He said Kenya and Tanzania had agreed to remove barriers on the Ugandan importers, traders and driver." Kenya will remove demurrage charges against importers whose containers delay at the port." The programme starts on September 1," Obonyo said in an interview last week.

He said Tanzania passed a statutory instrument removing the \$100 visa levy on Ugandans. On various roadblocks on the Kenyan side, Obonyo said President Mwai Kibaki's government promised to sort out the problem to ensure maximum security was provided.

Source: New Vision, Kampala, 31 July, 2006

Civil Societies Warn African Govt's on EPA.

African countries have been warned against ratifying the Kenya: Africa Warned On Economic Partnership Agreements (EPAs) with the Trade Pact European Union (EU). Fifteen Non-Governmental Organisations (NGOs) on Monday warned that the EPAs would undermine development and lead to increased poverty in Africa.

Mr Gichinga Ndirangu, a trade policy officer for Oxfam International, described the EPAs as being worse than the World Trade Organisation agreements." The EU should be proposing fair trade agreements, not free trade agreements. EPAs will deprive African governments the opportunity to use trade policies to promote development," Ndirangu said.

He said EPAs would hurt nascent industries while agricultural markets would be hit by unfair competition from the EU. The EU is negotiating with the African, Caribbean and Pacific for EPAs that will be enforced in January.

The EPAs will replace the 2000 Cotonou Agreement that allows for preferential trade to the EU. Valerie Traore, a senior officer from the Agency for Co-operation and Research Development (Accord) warned that the EPAs would have a negative implication on food security with the biggest losers being the small-scale farmers who provide 70 per cent of the continent's agricultural output.

Traore said African governments and negotiators should realise the negative impact that the EPAs would have on their economies." We are campaigning for trade and political agreements that protect our economies," she said.

Trade activists say that the EU is using the EPAs as a tool to force free trade on Africa." We strongly feel that African ministers should say no to the EPAs because they are not fair and do not take into consideration the trade and economic needs of the African continent," Traore said. Africa negotiators and ministers are due to meet in Khartoum to discuss the EPA draft. Trade activists are calling for agreements that protect African producers. They want the negotiators to find a way to maintain EU preference for African fish and horticulture, without forcing African countries to open their markets to unfair competition.

Source: The East African Standard, Nairobi, Kenya, 31 July 2006

Burundi Touts EAC Entry

Burundi has begun countrywide sensitisation campaigns for entry into the East African Community. The country's minister for trade and industry, Mrs. Denise Sinankwa announced this at a sensitisation meeting with the country's legislators and the media last week on the advantages of Burundi to join the EAC.

The principle was agreed upon in a recent EAC summit held in Dar -es -Salaam, Tanzania. Burundi and Rwanda were then asked to prepare their accession to the EAC in September 2006. Sinankwa said Burundi's entry into the EAC would lead to economic growth.

Once a member of the EAC, Burundi will use Mombassa and Dar-es-Salaam ports without as many constraints as before. More than 90% of the country's imports and exports go through Kenya, Tanzania or Uganda. Much of the freight also goes through in-land ports on Lake Tanganyika and by road. Sinankwa urged journalists and MPs to be the EAC gospel messengers.

Burundi's chamber of commerce secretary general, Cyrille Sigejeje said the country had no alternative but to join the Community because, "Burundi was already using EAC country members' facilities like ports". Sigejeje said, "If Burundi was to set up a railway or pipeline, negotiations would be easier. The point is that Burundi won't go through the process as a foreigner, but a member of the EAC with the same rights as others.

Sigejeje however warned that entry into the EAC would not bear direct financial and economic impact. "Entry will be a give and take opportunity, which requires a close relationship between the government and economic operators for a better regional integration", he said.

Source: East African Business Week, Kampala, Uganda, 31 July 2006.

Dhaka to lead LDCs in WTO

Bangladesh has again been selected to represent the 49 Least Developed Countries (LDCs) in the World Trade Organisation (WTO) for the next six months.

The LDCs unanimously agreed to pass the baton of leadership to Bangladesh from Gambia due to the latter's inefficiency as co-ordinator in preserving their interests in the world trade forum, said commerce ministry sources. The country's permanent representative to Geneva in a fax message yesterday informed the ministry of the latest developments.

The sources said the selection will help Bangladesh to uphold its interest in bilateral and multilateral negotiations to be commenced under WTO next time. "The LDCs especially Bangladesh will face some serious challenges in WTO to have as many as its items of export removed from the other countries' negative

lists," a high official of the commerce ministry said.

He said as the leader of the group, Bangladesh will definitely get support from the other LDCs in promoting and protecting its interest during the trade negotiations.

Meanwhile, the steering committee on WTO headed by Commerce Minister M Hafiz Uddin will meet tomorrow to discuss the Doha Development Round. At the meeting, the ministry will review the progress reports of three committees on WTO (market access, product diversification and manpower export under mode-4). The sub-committees have already submitted their reports to the ministry with suggestions on how the country can gain after given policy changes in the WTO. The meeting will also review the draft report on WTO trade policy, sources said. Tariff barriers to trade (TBT), cash incentive and tax rebate in export are among the issues to be included in the country's trade policy, which is slated for review at WTO on September 13-15.

All members in rotation usually lead the LDC group that comprises the countries designated as least developed by the United Nations.

Obasanjo Slams WTO Over Policies

President Olusegun Obasanjo yesterday criticized the trade liberalization policies of the World Trade Organization (WTO), which had forced many developing countries to open up their borders to expensive foreign goods in exchange for lowly priced locally produced raw materials.

The President who made the remark at the opening of the 2nd Experts' Meeting of the Action Committee on Raw Materials (ACRM) in Abuja, said developed countries that have the technological capacity to add value to raw materials are taking advantage of the WTO policy to maintain trade surpluses in value-added products from agricultural, mineral and even chemical raw materials at the detriment of recipient countries.

Obasanjo said: "They have been able to control a comfortable percentage of exports to these countries and in some cases, tipping the balance of trade in their favour," adding that countries without leading-edge technologies have had to play the under-dogs in trade negotiations matters.

He said though the issue had been taken up by parties at WTO it remained inconclusive due to conflicts arising from agricultural subsidies by some developed countries that had put many developing countries at a disadvantage.

The President while calling for the matter to be amicably resolved for mutual

benefits of all parties, charged participants at the event to find means of addressing the issues involved." Our member-countries would need to lay a framework for the cooperation with a target of sharing experience in technological development and value addition to raw materials", he said.

Obasanjo whose speech was read by the Chairman of the Raw Materials Research and Development Council (RMRDC), Mrs. Pauline Taline, noted that some steps had already been taken by Federal Government in respect of the policy of mandatory inclusion of cassava flour in a composite wheat and cassava flour for baking purposes. Appraising the success of the policy, the President said since bread has become a staple food in the country, inclusion of cassava into bread making implies opening up of new market opportunities for cassava farmers." The impact of this policy on the demand for cassava by flour milling industries can only be imagined", he said.

The Action Committee on Raw Material is one of the programmes introduced by the Group of 77 developing countries to address issues of low capacities in technology adaptations and usage.

The programme encourages member-countries to collaborate and share developmental experiences to enable each benefit from on and another area of advantage.

Obasanjo charged the meeting to outline a process of collaboration that will afford mutual cooperation for the dual purpose of technological capacity development and strengthening of trade ties among member countries. The Minister of Science and Technology, Prof. Turner Isoun, said the meeting is coming at time when most member countries are urgently searching for strategies and policies aimed at renewing economic growth, reducing heavy dependence on imports of consumer items, industrial raw materials and infrastructures from merely finished goods.

He said there was need for developing countries to critically assess "our areas of comparative advantage and put in place mechanisms that will enable us harness the ensuing benefits to our best advantage

Source: Reuters, Lagos, Nigeria, 2 August 2006.