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**INDIA AND AFRICA AGREE TO BOOST THE BILATERAL AND REGIONAL COOPERATION AND LINKAGES**

*Reported by Ambassador Nathan Iumba*

*The Indian-African forum summit held in New Delhi from 8-9<sup>th</sup> April gave boost to south-south, and more specifically India-Africa, collaboration when they agreed to the New Delhi declaration which redefined and reinvigorated the historical partnership between India and the African continent and adopted a framework for cooperation that*

*provides the avenue for further and dynamic development.*

*The forum was attended by several African heads of states and government, the African Union and its institutions. The Indian-Africa forum summit comes in the aftermath of China-Africa conference, as well as the Lisbon Europe-Africa summit all of which underscored heightened interest in Africa.*

They affirmed that cooperation between Africa and India has been, from its inception, a useful example of South-South cooperation. It has been our

endeavour at this Summit to devise ways and means of enhancing this South-South partnership, taking into account the new capabilities that have emerged in Africa and India. Bearing this in mind, we have drawn up and adopted a Framework for Cooperation that would provide the avenue for further and dynamic development of the Africa-India partnership. African Leaders deeply appreciate the initiatives that have been announced at this Summit by the Prime Minister of the Republic of India, H.E. Dr. Manmohan Singh that would provide an input for the implementation of this Framework for Cooperation. We have agreed that Africa and India will strengthen not only their bilateral linkages, but that India will also progressively strengthen its partnership with the African Union and the Regional Economic Communities of Africa.

In their New Delhi declaration the leaders recognized that Africa and India have undergone enormous positive changes, in particular over the last two and half decades, and that Africa and India have historically been close allies. There has been significant positive transformation of the political, economic and social environment in Africa and the strengthening of democracy. During this period, the Indian economy has evolved into a more mature and fast growing economic mode and Indian democracy has further strengthened. They therefore, decided to build upon these positive achievements with a view to helping each other to become more self-reliant, economically vibrant, at peace with themselves and the world.

They stressed that the partnership will be based on the fundamental principles of equality, mutual respect, and understanding between our peoples for our mutual benefit. It will be guided by the principles of respect for the independence, sovereignty, territorial integrity of state and commitment to deepen the process of African integration; collective action and cooperation for the common good of our states and peoples.

noting that the international community is today addressing a series of critical issues including, inter alia, environmental degradation, climate change and desertification, multilateral trade negotiations, reform and democratization of international institutions, Africa and India reiterated their intention to ensure that in all these matters, the interests of developing countries are kept uppermost and the socio-economic developmental requirements of our countries are guaranteed.

#### **CLIMATE CHANGE AND ENVIRONMENT**

They recognized that climate change is a global challenge that will be particularly severe for developing countries given their vulnerabilities, inadequate means and limited capacities to adapt to its effects and reaffirmed that development is the best form of adaptation. Therefore foremost priority for developing countries is to ensure accelerated social and economic development. We note that sustainable development is essential to enable effective adaptation. Adaptation should be adequately financed through additional resources and not from funds meant for development.

The declaration noted with regret the lack of demonstrable progress by developed countries on Green House Gas (GHG) reduction commitments in the first commitment period under the Kyoto Protocol and emphasized the need for equitable and fair burden sharing in mitigation which must take into account historical emissions.

They called on the international community to give real and immediate effect to commitments on climate change, especially in the areas of technology transfer, financing and capacity building. There is also need for a closer look at the Intellectual Property Rights (IPR) regime to ensure cost-effective transfer of appropriate and advanced clean technologies to developing countries.

They reaffirmed “to participate effectively in the negotiations under the Bali Action Plan towards comprehensively addressing climate change in accordance with the provisions and principles of the United Nations Framework Convention on Climate Change (UNFCCC), in particular the key principle of common but differentiated responsibilities and respective capabilities”.

#### **DOHA ROUND**

As regards the Doha round of trade negotiations, they reiterated the importance of the development dimension of the Round and welcome the strengthened engagement, solidarity and cooperation among developing countries in that process. They underscored that Agriculture remains the key to the conclusion of this round. “We are convinced that any acceptable agreement must adequately protect the livelihood,

food security and rural development concerns of developing countries. Any outcome must also bring about significant and effective reductions in trade-distorting domestic support and subsidies provided by the developed countries. There are equally important issues also to be addressed on Non-Agricultural Market Access (NAMA) services and rules. We are convinced that the process to be adopted to reach convergence in the WTO negotiations requires focus on content and not artificial timelines. The promise of a development round must be fully realized”, the leaders stated.

#### **SUPPORT FOR LDCs**

Reaffirming the commitment to providing meaningful market access to the Least Developed Countries (LDCs). They called upon the members of WTO to implement duty-free and quota-free market access for all products originating from the LDCs and to take additional measures to provide effective market access to them through simplified and transparent Rules of Origin.

They attached priority to providing trade related technical assistance and capacity building to LDCs to help mitigate the effect of their marginalization in the present globalised trade structure and enable them to maximize the benefits resulting from the multilateral trade liberalization process And declared commitment to helping LDCs achieve the goal of securing effective market access through transparent and predictable rules of the multilateral trading system.

#### **UN REFORMS**

The declaration underscored on the urgent need to reform the international financial architecture, especially the International Financial Institutions (IFIs), to reflect the changing global situation. In this context, the leaders emphasized the need for the effective voice and participation of developing countries, including in the quotas and voting rights in the IFIs. This would enhance the IFIs' accountability, legitimacy, credibility and effectiveness.

Reaffirming their commitment to further strengthen Africa-India cooperation at the United Nations, the G77 and in other multilateral fora with a view to addressing issues of common concern, they underscored the need for urgent and comprehensive reform of the United Nations to enable it to more effectively deal with the challenges of today's world. The United Nations should function in a more transparent, efficient and effective manner, and that the composition of its central organs must reflect contemporary realities.

India noted the common African position and the aspirations of the African countries to get their rightful place in an expanded UN Security Council as new permanent members with full rights as contained in the Ezulwini Consensus and Africa took note of India's position and its aspirations to become a permanent member with full rights in an expanded UN Security Council. It was agreed to further strengthen cooperation between our two sides towards early realization of a genuine reform of the United Nations and its working methods, particularly revitalizing and enhancing the role of the General Assembly and reform and expansion of the Security Council.

It was agreed to develop jointly, within a period of one year, a joint plan of action at a continental level and an appropriate follow-up mechanism to implement the Framework for Cooperation.

#### **FRAMEWORK AGREEMENT ADOPTED**

The framework agreement adopted by the summit spells out the areas of cooperation in Economic, political, science and technology, social development, tourism, infrastructure, energy and environment and media and communication. It also identifies measures that will be taken to implement the plan.

As regards the economic integration the framework agreement states " As a conducive and supportive international economic environment is important for Africa and India in their quest for a mutually beneficial economic development, the two parties hereby recognize the need to foster such environment by reinforcing efforts to promote between them, trade and industry, Foreign Direct Investment (FDI), development of Small and Medium-scale Enterprises (SMEs) and Africa's regional integration.

The challenge that remain for both parties is to ensure that the plan is faithfully implemented for their mutual benefit.

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## UNCTAD XII: Hit or Miss?

*\*By Anne-Laure Constantin*

In 2008, the United Nations (UN) has chosen to hold its major trade and development conference in Africa. Ministers from all around the world will meet in Accra, the capital of Ghana, starting April 20. In addition to ministers, a crowd of 4,000 international civil servants, civil society activists, business representatives and journalists is expected to descend on the usually discrete West African capital.

The World Trade Organization (WTO), its Doha "Development" Round and its highly publicized ministerial conferences have received most of the attention over the past ten years. However, the UN has its own important forum on trade and development: UNCTAD (the UN Conference on Trade and Development). What's the point of such a forum? And what are the stakes of this year's UNCTAD meeting?

### **A Cross-Cutting Mandate on Trade and Development**

UNCTAD was created in 1964 out of concern that existing international institutions (the GATT and the Bretton Woods Institutions) were not adapted to the particular challenges faced by developing countries in a post colonial era. It was agreed, as developing countries demanded, that the UN needed a permanent forum to address trade and development issues in an integrated manner.

This cross-cutting mandate on trade and development is at the heart of UNCTAD's value. It enables UNCTAD to critically assess the

impacts of trade on various development objectives.

Take, for example, the liberalization of trade in services: how does it impact people's access to essential services like water, education, health and so on? This is one of the many sensitive questions that UNCTAD addressed in 2007 (1). At a time when the stalemate at the WTO represents countries' discontent with the inability of the Doha Round of negotiations to accommodate their development concerns—such as the need to retain space to regulate their services sector, or to meet their food security, rural development and priorities of rural livelihoods - UNCTAD's ability to make these linkages is particularly critical.

Also, as a UN body, UNCTAD can leverage other resources in the UN system and draw on the expertise of specialized agencies. It takes into account the wide range of UN norms that countries have to respect, instead of looking at trade rules in isolation.

In between conferences, UNCTAD works to support developing countries in making well informed decisions as they define their trade policies. It does so by providing them with remarkable research and analysis, by facilitating intergovernmental debates on outstanding issues and subsequently through technical assistance.

### **A Compelling Context for UN Member States**

From April 20-25 this year, Ghana will host the 12th session of UNCTAD. It will take place at crunch-time for the multilateral

system: the world is facing major global challenges that call for collaborative action.

The crisis spreading throughout global financial markets in the wake of the sub-prime mortgage fiasco seems endless. Every week carries a new list of affected companies. For now, mostly those directly active in financial markets seem to be weakened. But as more banks lose confidence there is more and more concern that the crisis might spread to the "real" economy, first in the U.S. and then, as a result, to the rest of the world.

In addition, the risks entailed by climate change are becoming more concrete. According to the UN Office for the Coordination of Humanitarian Affairs, the unprecedented number of climate related disasters in 2007 is proof that "climate change is upon us" (2). There is no question that this is going to be a new constraint affecting countries' development in the future. Questions around impact of climate on food production are hitting the headlines as prices have experienced sharp increases in the past few months. Debates around the impact of international trade on climate change are heating up, as the Trade Ministers meeting in Bali last December showed.

And yet, the ability of the multilateral system to come up with collaborative solutions to new and other enduring challenges (such as the Millennium Development Goals) has been, up till now, a disappointment. International financial institutions (the World Bank and the IMF) have lost their credibility: developing countries

are making every effort not to surrender to their conditionalities.

Discussions on the linkages between trade and climate change are only just starting- despite the importance of the challenge, they sound like business as usual. Last but not least, negotiations at the WTO have been stalled for almost two years now. The world desperately needs fair multilateral trade rules, but does not seem to be able to find a way to craft them.

### **Will They Be Up For the Challenge?**

The main theme of UNCTAD XII is: "Addressing the opportunities and challenges of globalization for development." In their preparatory negotiations, Member States are grappling with all of the above mentioned issues. In his report to the Conference, the Secretary General presented some bold proposals, in particular, in the area of financial markets regulation (3).

Developing countries are striving for an ambitious outcome for the conference. Negotiating as a group called "G77," they are putting bold proposals on the table for UNCTAD to take up and facilitate the design of development-friendly solutions at the international level. Developed countries, however, are not showing the same enthusiasm. Arguably, their efforts in these negotiations are directed at reducing the role of UNCTAD and muting its critical voices (4). Ideally, they would like UNCTAD to stick to its technical cooperation projects and stop intervening in policy debates.

This is not a new situation. UNCTAD, under strong leadership, experienced two decades of high political standing in the 1960s and 1970s. It has been significantly weakened, though, in the past three decades, by developed countries' shift towards new economic theories that support a more prominent role for markets and limited roles for governments. As a result, efforts have focused on neo-liberal institutions like the IFIs and the GATT/WTO, at the expense of UNCTAD.

However, the failure of the current model of globalization and of the institutions that are associated with it is clear. Furthermore, developing countries have gained a voice in international debates that they did not have ten years ago. Will the UNCTAD XII negotiations be hampered by the reluctance of developed countries to acknowledge this new reality? If negotiations continue on the same track, yes. Can the month left in the run-up to the conference open the way for renewed multilateral efforts on trade and development? Here are a couple of benchmarks that will help us find out.

### **Some Benchmarks for UNCTAD XII**

UNCTAD Conferences serve two related objectives: first and most importantly, their outcome is a reflection of the consensus, at the international level, on trade and development issues. The ambition of this outcome - or on the contrary its emptiness - reveals whether countries have been able to agree on most issues or whether opinions remain far apart. Second, UNCTAD Conferences define the organization's mandate for the following four years. Here the fight

is on the margins, where the secretariat is asked to address issues identified as key by Member States. Much of this also depends on funding that comes at a later stage, making it difficult to assess at the end of the conference whether the mandate will actually be implemented.

At the time of writing this article, virtually all the issues on the negotiating table are controversial. Compromises are likely to be identified in the last weeks of negotiations and at the Conference itself. We chose to highlight three particularly sensitive subjects, the treatment of which will be a test-case for the relevance of UNCTAD XII. These are:

- Globalization and countries' policy space. UNCTAD XI had initiated a debate around the impact of globalization and trade liberalization, in particular, on countries' ability to regulate and implement domestic policy measures. In the light of widespread popular discontent over the impact of trade liberalization on livelihoods, this debate is of utmost importance. Developing countries are calling on UNCTAD to further the debate on this issue, including through a proposed Commission on Globalization. However, developed countries would rather ignore the subject.

- Ever since its creation, UNCTAD has been the pre-eminent forum for debate, analysis and policy-formulation with regard to commodity issues in the context of development. UNCTAD XII happens at a time when the world is experiencing historically high

commodity prices, which bring both opportunities and challenges to developing countries. And yet, the treatment of this issue in the negotiations falls short. Developed countries would like to focus on the responsibility of national governments to deal with their commodity sectors. The food security and environment challenges associated with high prices are absent from the text.

- UNCTAD produces remarkable research and analysis on trade and development through numerous reports like the Trade and Development report, the LDCs report, the Economic Development in Africa report, etc. They help countries assess the best options for their development strategies and provide interested stakeholders with critical analysis and proposals on how to make globalization work for development. These publications, however, do not always please all members. Developed countries want that Member States should be able to comment on draft reports prior to publication. This would be a blow to the organization's independence and credibility.
- There is no question that the stakes are high and that UNCTAD XII is timely. Its mandate is very relevant to the current crises and it has an unquestionable expertise on some of today's key challenges. However, unless Member States decide to engage in a genuinely collaborative way instead of fighting an old fashioned North-South battle, UNCTAD XII will fall short.

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### **AID FOR TRADE, RIGHT INTENTION BUT COULD LEAD TO WRONG TARGETING**

*\*Davis Ddamulira - Senior Policy Analyst*

In the last few months, many African government officials, experts from regional banks and private sector representatives have been trying to map out how Aid for Trade could be effectively utilized. Aid for Trade facility is part of the outcomes from the WTO ministerial negotiations in Hong Kong in 2005 which is meant to provide additional resources mainly to LDCs to increase investment in areas that would boost their share in global trade.

The experts met in two major meetings, one in Dar es Salaam and another in Geneva in November 2007, with a focus of prioritizing areas or projects that are likely to be financed by Aid for Trade facility. They were mainly interested in areas that have a great potential to lower the cost of doing business on the continent. In both meetings improving infrastructure like roads and waterways came out high on their list of priorities.

Understandably, on a continent like Africa where most countries are

poor, each problem seems to be critical, and an opportunity like the Aid for Trade could lead to a difficult process of actually coming up with the most appropriate choice to deal with first. Secondly, there are a lot of interests to balance during the prioritization process ranging from political, social, economic as well as those that serve or benefit a few powerful groups. So, the big question remains; what kind of change would we expect if the little Aid for Aid resources are directed to improving infrastructure and who is likely to benefit most from this?

### **Facing up to the reality in Africa**

Although prioritizing infrastructure is not a bad idea, but doing so by making an assumption that most producers in Africa are competitive at farm-gate level, as was the case in these meetings, makes one wonder whether the experts were really genuine in their assessment. This assumption therefore highly influenced their conclusion towards prioritizing investment in improving infrastructure so that producers are able to transport their goods at lower costs.

However, in Africa, the reality facing most producers and the general business community is limited availability of finance which they need to boost their investments including production. Even where financial institutions are able to provide credit to producers like farmers and other businesses, they do so at exorbitantly high interest rates ranging from 15 to above 50 percent compared to their counterparts in developed countries who access it at rates less than 10 percent.

With such a situation where producers would be expected to make profits far above the cost at which they borrow from banks, which would mean profit margins of more than 50 percent, it is even hard to talk about competitiveness. Their business will either be stifled or collapse in infancy. That is why it is hard to find a vibrant and effective private sector in Africa whose financing is supported by local banks.

Ideally boosting production capacity would go hand in hand with improving infrastructure, since both would cut costs of production and transportation tremendously. Investment in these areas would lead to increased production, value addition especially for exports as well as employment. However, in all the meetings on Aid for Trade, dealing with the real problem of lowering the cost of investment financing was completely ignored, probably because other interests were more at play.

### **Balancing powerful interests at play**

As much as it is true that infrastructure in Africa is critical, it could be financed from other sources and not necessarily from Aid for Trade resources. This is because putting in place appropriate infrastructure let it be roads, water ways, power generation etc, would require more than 50 years of public investment. Most important, is that there are still a lot of uncertainties regarding the level additional resources in the Aid for Trade resource envelope as well as modalities of its disbursement. It would therefore be inappropriate

to highly anchor Africa's hopes of developing its infrastructure on Aid for Trade.

So, if the experts were really mindful of this reality, why did they decide to highly prioritize investing the little aid for trade resources in infrastructure far above tackling the real problem of high cost of financing? One of the possibilities is when we look at the interests at play.

Firstly, in most African countries especially those that are ridden with corruption, public investments in areas like road construction is where you find a lot of misuse of public funds. The practice of commissions to technocrats by companies that need to win construction tenders thrives here most. So, Aid for Trade in infrastructure does not only provide another opportunity for the technocrats to enrich themselves, but it also prolongs it through a system of maintenance of poorly constructed roads which attracts a substantial amount of public resources in every year's budget.

Secondly, investment in infrastructure also provides a lot political capital to the politicians. This is because many roads in most African countries are rarely prioritized to facilitate production and trade, but more to serve the masses that are likely to give leaders more votes during election time.

To the donors, having the portfolio of Aid for Trade mainly focusing on infrastructure serves their interests well in a way that they are able to include most of their earlier infrastructure financing into this area in their accountability. This

helps them give a rosy picture of how much they have really committed to this cause. Then the powerful countries behind the financing institutions like European Union, USA and Japan will use this bloated false picture to seek trade concessions from developing countries during trade negotiations the way it is happening now with WTO and EPA negotiations.

That is why time and again African trade negotiators have been confused as to whether Aid for Trade provides new and additional financing or it is another process and terminology of accounting for earlier commitments that wouldn't require grounds to concede to new demands in the ongoing trade negotiations.

Another reason why, donors might not be interested to allow Aid for Trade resource be used to deal with issues of lowering the cost (interest rates) of financing production in Africa, is because this would be considered a policy reversal. They have always argued for market-driven rates, a situation that has caused a lot of producers to get out of production or risk their lifetime earned assets to be taken over by banks due to failure of paying their loans. The high cost of financing to producers in Africa also gives a competitive edge to companies in developed countries that access financing for their production at much cheaper rates.

Another reason why Aid for Trade would serve better the interests of developed countries is that most of it would benefit big multinational companies based in their countries. Public investment in infrastructure in Africa has always provided business opportunities for these

companies since they always take over contracts for major construction work. The history to this is that most of the aid to Africa has always been tied to provide such opportunities to companies where the money is coming from and Aid for Trade is not likely to be any different. Even if it was not tied, these companies are more competitive given the nature of their financing compared to those that still borrow at high interest rates in Africa.

The other most important factor that explains how the Aid for Trade package, which is meant to benefit Africa, is likely to benefit more the developed countries is because good infrastructure always facilitates penetration of new markets. Now, in a situation where most indigenous producers and business community are choked or squeezed out business by high interest rates, their production is either limited or already eroded. At this moment it would only be products from developed countries, which are more competitive at production, that would highly benefit. They would be transported to the remotest areas in African countries, facilitating the consolidation of market shares and control by multinational companies thus eliminating their potential and real competitors.

African technocrats therefore need to reconsider their position since they have the sole responsibility of shaping the alignment of Aid for Trade to target people who need it most at the same time address the real problem. Unless the high cost of investment financing which is needed in improving the production capacity of tradable

products is given first priority, improving roads and waterways would not help African businesses and producers much. African countries need to utilize the Aid for Trade to first increase their competitiveness at production level and processing of exports. Development of infrastructure should be left to be part of national or sub-regional priorities to be financed from other sources. Without being competitive at production there is no way we can even think about penetrating the world market and generally benefiting more from international trading system. Otherwise our share in international trade is likely to shrink further as our producers become out competed.

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**INTERIM EPAS REINFORCE CONCERNS ON DANGERS INHERENT IN THE PATH WE ARE TREADING –** Civil Society cautions Uganda parliament.

*In a petition presented to Parliament Uganda Civil Society Organisations working on trade issues stated that the interim agreements signed by the East African Community countries with the EU “far from allaying our fears has instead reinforced our concerns on the dangers inherent in the path we are treading”. They pointed out that under the market access pillar, the EAC countries are committing themselves to carry out extensive liberalization vis-à-vis the EU which will have adverse impact on our livelihoods, employment, and on our efforts to industrialize.*

*They were concerned that Under Article 16(2), of the Interim agreement, the EAC commits itself not to have any better trading arrangement with any other potential trading partners thereby circumscribing the trade relations which EAC can enter into with any other countries. They stressed the need to undertaking "a critical appraisal of the framework agreement and bring out its implications both in the medium and long term, for our countries which should inform positions to be taken in subsequent negotiations, they stressed.*

**Here below is the abridged version of the petition.**

On 1<sup>st</sup> October 2007 we the undersigned civil society organizations working on trade issues in Uganda presented a petition to Parliament through the Right Honourable Speaker expressing our concern on the progress and direction of the EPA negotiations and also called upon Government to rethink the Economic Partnership Agreements (EPAs) given their far reaching negative implications on our livelihoods and the development of the country as a whole.

On the 27<sup>th</sup> November 2007, as part of the EPA negotiations, the East African Community (EAC) initialled –without parliamentary debate - an interim framework agreement with the European Union ostensibly to avoid disruption of exports to the EU following the expiry of the World Trade Organization (WTO) waiver. The interim agreement covers areas of market access, development, fisheries and commitment to

negotiate a wide range of trade-related issues by 31<sup>st</sup> July 2009.

The interim agreement far from allaying our fears has instead reinforced our concerns on the dangers inherent in the path we are treading. We therefore wish once again to bring to the attention of the Honourable Members of Parliament our concerns regarding the contents of the interim agreement as well as the process.

**EAC Market Access offer.**

Under the market access pillar, the EAC countries are committing themselves to carry out extensive liberalization vis-à-vis the EU which will have adverse impact on our livelihoods, employment, and on our efforts to industrialize.

The EAC market access offer consists of a commitment to open its market to goods from the EU over a period of 25 years in three phases. In the first phase (2008-2010), the EAC will liberalize 64% of imports from the EU; while in the second phase (2015-2023), 16% of imports will be liberalised. In the last phase, (2020-2033), the EAC will liberalize 2%; making a total of 82% of liberalised imports from the EU.

This extensive liberalisation will not only lock in the reforms undertaken under the Structural Adjustment Programs (SAPs) and expose Uganda's agricultural and industrial producers to unfair and harsh competition, but will deeper because SAPs involved tariff reduction while EPAs involve tariff elimination which is irreversible.

Under the interim agreement initialled, one-fifth (or 18%) of EAC trade with the EU which covers

sensitive products is supposed to be excluded from market liberalisation requirements. However, this provision is rendered nugatory by the "standstill" clause whereby EAC has agreed not to increase the applied duties on all their products. This means that if Uganda needs to raise tariffs on sensitive agricultural sectors such as dairy sector, she will be unable to do so.

Although the agreement provides for trade defence measures i.e. antidumping and countervailing measures which are supposed to protect the economy from dumping and import surges, these are inadequate and cumbersome to invoke as they have been adapted from the WTO agreements which require special investigative mechanisms before they are implemented. Most developing countries in WTO have found it difficult to use them.

Therefore the sensitive products will not be protected by either the use of tariffs which are frozen at applied rates or trade defense measures which are difficult to use, leaving Uganda's economy wide open to the EU's heavily subsidized products. Therefore without any form of protection, it is hard to imagine how Uganda's manufacturing sector in its current nascent stage will survive competition from the more advanced European corporations.

Under Article 16(2), of the Interim agreement, the EAC commits itself not to have any better trading arrangement with any other potential trading partners. This not only circumscribes the trade relationship in which Uganda can enter into with other countries, but

also has far reaching implications on South-South trade and on regional integration. It also ignores the new global dynamics and opportunities presented by the emerging markets and economies which might offer better trading opportunities.

### **EC market access offer**

The EC's market access offer include duty free, quota free Market Access for all products originating from the EAC. This offer is nothing new as most of the EAC countries apart from Kenya have been and would still be benefiting from this market access under the Everything But Arms (EBA) preferential arrangement without need for reciprocal treatment. In any case the critical long standing market entry factors which have always impeded our trade opportunities and have locked us into exporters of raw materials i.e. Sanitary and Phyto-Sanitary measures, Rules of Origin, Technical Barriers to Trade, subsidies have not been addressed. All we have are vague promises to address them within the context of a comprehensive EPA.

We note with concern that a number of studies have indicated that while the net trade effect of EPAs will be trade expansion, this expansion will be attributed to increased market share for the EU; while Africa's trade with other non-EU partners and even their own intra-regional trade, is likely to shrink.

Given the above, a reappraisal of the market access offer is urgently required.

### **Development**

One of the major priorities of the EAC in the EPA negotiations was that EPAs will serve as a development tool and that extra resources will be provided by the EC to address supply capacity constraints. The promise of aid by the EC has also been used to persuade EAC /ACP countries to take on deeper commitments. Yet the request for additional funds to meet the challenges arising from the extensive liberalization, including the reduction of government income from tariff cuts is not forthcoming. Under Article 36 of the Interim agreement EC has committed itself to contribute funds only under the 10<sup>th</sup> European Development Fund regional indicative programme, Aid for Trade and the EU budget. The EDF funds are already committed with only relatively small funds earmarked to support supply capacity constraints ,while Aid for Trade is still a nebulous concept, lacking clarity on how much is available; and where the funds are going to come from.

#### **Rendezvous Clause (Continuation of the negotiations)**

Under the "Rendezvous Clause" (Article 37), the Interim Agreement provides for the continuation of the negotiations in a number of wide ranging and contentious areas. The areas are; Customs and trade facilitation, outstanding trade and market access issues including Rules of Origin, Technical barriers to trade and sanitary and phyto-sanitary measures, Trade in services, agriculture, Trade related issues namely i.e. Competition policy, Investment and private sector development, Trade, environment and sustainable development, Intellectual property

rights, Transparency in public procurement, an elaborated dispute settlement mechanism and institutional arrangements, Economic and Development Co-operation; and any other areas that the Parties find necessary.

These areas, especially the so called Singapore issues i.e. investment, government procurement and Competition policy , will limit governments policy space to realize development strategies and will also have far reaching negative implications on the economy and will undermine regional integration efforts. The EU has been the major proponent for negotiation of Multi-lateral rules on these issues in the WTO. This has been consistently rejected by developing countries since 1996 and these issues have accordingly been removed from the WTO Doha Round. But by including them in the interim agreement for negotiations; the EC is in effect trying to achieve the same objectives through the back door.

The EAC position on the Singapore issues, in particular and the trade related areas in general, has been to promote development cooperation with the EU to build and streamline the national and regional regulatory mechanisms, policies and systems BUT not binding rules. This position should be maintained in the coming negotiations.

We are also concerned that the factors for effective entry into the EU market such as Sanitary and Phyto-Sanitary measures, Technical Barriers to Trade, Rules of Origin, which should have been concluded in the Market Access negotiations have now been

conveniently lumped together with the Singapore issues. Given the EC's track record in negotiating these issues, it is unlikely that the EC will give meaningful concessions in these areas. The intent is clearly to use them again as a leverage to extract more far reaching concessions from the EAC especially on the Singapore and other trade related issues.

### **The Process**

We also note with concern the democratic deficit in the manner in which this agreement was initialled. The interim agreement was hastily signed without consultation with stakeholders, including Members of Parliament.

The comprehensive EPA comprising all the above issues is expected to be concluded not later than 31<sup>st</sup> July 2009). Given the complexity of the issues, this is a very short time within which to negotiate the envisaged comprehensive agreement. Therefore, there is a need to undertake a critical and objective appraisal of the framework agreement and bring out its implications, both in the medium and long term, for our countries which should inform positions to be taken in the subsequent negotiations.

Bearing in mind that with appropriate policies in place, trade can be a powerful tool for poverty eradication and the fostering of sustainable development;

### **We therefore call upon the Members of Parliament:**

- As the representatives of the people to play their oversight role by debating this

agreement and consulting their constituencies before it is signed/ratified.

- To monitor the developments in the negotiations and demand for updates from Government to ensure that the interests of the people they represent and the national and regional development strategies are well reflected in the positions taken.
- Through the ACP-EU Joint Parliamentary Assembly (JPA) to bring to the attention of the European Commission (EC) and the European Parliamentarians our concerns.
- To coordinate with their East African counterparts as well as members of the East African Legislative Assembly (EALA) to ensure that the development needs of the region are safeguarded<sup>1</sup>.

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<sup>1</sup> THE UNDERSIGNED CIVIL SOCIETY ORGANIZATIONS:

**Oxfam GB in Uganda.Southern and Eastern African Trade Information and Negotiations Institute (SEATINI).African Centre for Trade and Development (ACTADE).Consumer Education Trust (CONSENT).Uganda Joint Christian Council (UJCC).Volunteer Efforts for Development Concerns (VEDCO).Uganda Coalition for Sustainable Development (UCSD).Environmental Alert.Action Aid International Uganda (AAIU).Participatory Ecological Land Use Management (PELUM).East and Southern African Farmers' Forum (ESAFF).Centre for Trade and Development Network (CENTADEN).Centre for Development Initiatives (CDI).Pan African Movement (PAM).VECO – Uganda.Development Network of Indigenous Voluntary Associations (DENIVA).African Centre for research and Development (ACRD).Building East African Community Network (BEACON)**

## Editorial

### **UNCTAD XII: THERE IS NEED FOR A NEW VISION FOR GLOBAL PARTNERSHIP TO PROMOTE INCLUSIVE AND EQUITABLE DEVELOPMENT**

*By Ambassador Nathan Irumba*

For most trade diplomats in Geneva and trade policy makers in capitals all roads lead to Ghana. This is because United Nations Conference on Trade and Development (UNCTAD) will have its twelve meeting in the Ghanaian capital Accra from 20-25<sup>th</sup> April 2008. The challenges delegates will face is whether the conference will emerge with a bolder and strengthened UNCTAD as envisaged by the founders or with a weaker one which conforms to the prevailing neoliberal ideology.

UNCTAD was established in 1964 as the principle agency within the United Nations system for the integrated treatment of trade and all development related matters including money and finance. At the time of its establishment there was a well founded apprehension that the existing world economic institutions and more particularly the Bretton Woods were not tuned to appreciating and addressing the challenges of developing countries. These were appropriately perceived as rich countries clubs advancing the interests and ideologies of the major economic powers.

It is worth recalling that under the strong leadership of its first secretary general *Raul Prebisch* and his successors, UNCTAD registered progress in challenging

the prevailing orthodoxy and bringing to the fore the problems of developing countries with proposals for redressing them. UNCTAD was instrumental in the negotiations for the generalised scheme of preferences (GSP), the global system of trade preferences (GSTP) and a number of commodities agreements, as well as the setting up of the Common Fund for Commodities. It took a leadership role in highlighting the problem of unsustainable debt for developing countries and was bold enough to argue for the cancellation of multilateral debt for Least Developing Countries (LDCs), a position which was considered as heresy at the time and which has since been somewhat embraced. The organisation played a leading role in advocating the need for the restructuring of the international economic order to ensure equitable participation of developing countries (what was often referred to as the New International Economic Order). UNCTAD research and publications Trade and Development report (TDR) and the Least Developed Countries report have been useful.

However, with the ascendancy of the neoliberal paradigm in the eighties and the acceptance of "Washington consensus" focusing on getting prices right (through economic liberalisation, privatisation and micro-economic stabilisation), a concerted effort by the major powers to abolish, roll back or clip the wings of those UN institutions which were perceived as questioning or not singing to the tune of neoliberal paradigm was put in motion. It is with this in view that institutions, like the Centre for Transnational Corporation which was developing a code of

conduct for TNCs, were dismantled or starved of resources. UNCTAD was not spared. Since 1970s, and its VIII and IX conferences, the mandate of the organisation was readjusted from being a negotiating forum into a consensus building forum. Efforts are persistently made to either roll back or control the content of its research and pertinent publications. Such efforts are being made in the context of the preparation of UNCTAD XII declaration and will be made at the conference itself.

This is aimed in the long run at shifting the focus of UNCTAD away from examining and researching on external environment required for development and instead put emphasis on domestic development problems and technical assistance, and training within the context of a neo-liberal regime.

The theme for UNCTAD XII is addressing the opportunities and challenges of globalisation for development. UNCTAD conferences serve two objectives namely: developing a consensus at international level on trade and development issues on one hand and defining the organisation's programme of work for the next four years, on the other. A major initiative which began at Sao Paulo is UNCTAD analysing the impact of globalisation and trade liberalisation on countries policy space for development and on the livelihoods of our citizens. This needs to be continued.

There is a changing economic landscape in the world economic relations with the emerging of new players such as India and China which can be harnessed to support south-south cooperation for development. This is an area which UNCTAD is uniquely placed to analyse and help developing countries to develop.

As the UNCTAD secretary general states in his report (TF/413), despite impressive performance of developing countries as whole in recent years many countries, in particular the least developed, have not been lifted by the recovery. They continue to rely on exports of low value added primary commodities. Experience shows that policy advice for integration has resulted in some communities being exposed to hitherto unknown risks, making them vulnerable to even the lightest external shocks.

The challenge for policymakers is how to promote inclusive development and preserve the main features of the current favourable scenario beyond a cyclical backlash. This requires a concrete vision of global partnership for development has to emerge based on the new realities, which call for a more equitable and effective balance between open global markets, the sovereignty of the nation-state, and related international regulations. That is the challenge for UNCTAD XII.

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