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BATTLES OVER UNCTAD XIII

Rich country attack on UNCTAD threatens Africa's development prospects

By Tetteh Hormeku, TWN-Africa

The determination by rich industrial countries to eliminate the overall trade and development policy role of the United Nations Conference of Trade and Development (UNCTAD) at the forthcoming thirteenth quadrennial conference of the organisation risks depriving African and other developing countries of a global inter-governmental platform for alternative development policy just when these countries need it most.

In the preparations for the UNCTAD XIII in Doha, Qatar from 21-25 April, where the organisation will secure a new mandate, industrialised countries have opposed key elements of UNCTAD's independent analyses and recommendations on issues of the global economy, especially on the global financial and economic crisis, its implications for the global economy and the future of developing countries, as well as areas for policy reform to support these countries.

In the place of these, the rich countries are pursuing the very free-market dogmas of universal liberalisation and de-regulation that have been discredited by the crisis, and half of which they hardly apply to themselves. In addition, they are pushing to reduce UNCTAD's role from broader policy analytical support to essentially narrow technical input for least developed countries in the implementation of market-friendly policies.

Developing country trade officials as well as other independent observers and analysts believe that the rich countries are so bent on their positions they are prepared to push UNCTAD XIII into deadlock.

"They don't care if there is no result from the conference; they are trying to block everything and ramp up a campaign against the institution", one observer stated.

Such outcomes will mean the curtailment for the next four years of UNCTAD's role as the one global institution that has offered a coherent alternative to the neo-liberal policies of the World Bank, the IMF and the WTO.

African and other developing countries would not only lose an alternative voice that has served them so well in international decision-making processes from WTO to IMF where they have had to confront the self-interested demands of the rich countries.

Even worse for African countries, they will be losing this platform for alternative thinking at a time when the global crisis has exposed the limits of their primary commodity dependence which was deepened by decades of neo-liberal policies, and when they are taking policy initiatives to promote diversification and industrialisation.

One such initiative relates to the Africa-wide policy positions adopted by African Heads of State to improve the contribution of mining to the development of Africa's economies. The aim is to transform mining from an enclave of profit for transnational companies into one that better links up with various sectors of Africa's economies and contributes to job-creation and economic diversification. In support of this, the initiative also aims to increase the share of mining revenue accruing to African countries (the bulk of which so far is captured by the transnational corporations) and manage them for the benefit of the people. As is recognised by African ministers themselves, such an iniative requires supportive international policy framework in trade, finance, investment, technology, and so on.

However key proposals in the draft text for UNCTAD's mandate for the next four years which could support such initiatives have all been opposed by the rich countries. The draft UNCTAD mandate to be adopted in Doha covers the organisation's research and policy advice on subjects including the current economic recession, exchange rate misalignments, the volatility and financialisation of commodity markets, special and differential treatment for developing countries, regional financial and monetary cooperation, and the need for the reform of the international financial and economic architecture.

Situated with the overall conference theme of "Development-centered globalisation: Towards inclusive and sustainable growth and development", the issues are organised under four sub-themes, namely: enhancing the enabling economic environment at all levels in support of inclusive and sustainable development; strengthening all forms of co-operation and partnership for trade and development, including North-South, South-South and triangular co-operation; addressing persistent and emerging development challenges as related to their implications for trade and development and interrelated issues of finance, technology, investment and sustainable development; and promoting investment, trade, entrepreneurship and related development policies to foster sustained economic growth for sustainable and inclusive development.

In each of these areas, the rich countries – principally the EU and the JUSCANZ group of Japan, United States, Canada, Australia, and New Zealand—have clashed with the group of developing countries (G77 and China).

The positions of G77 and China echo the analyses contained in UNCTAD Secretary-General Dr. Supachai Panitchpakdi's call for paradigm shift to development-oriented growth that would bring about sustainable and inclusive economic and social change in the world's least-developed countries (LDCs).

In his report for the Doha meeting (see related article), Panitchpakdi argues that "the combination of macroeconomic austerity, rapid liberalisation, privatisation, and deregulation not only failed to produce a supply-side revolution but, instead, set the region (Africa) back economically; productivity growth stalled in most sectors, and the informal economy had grown rapidly since the onset of the international debt crisis in the early 1980s".

He said it was time to move away from finance-driven globalisation, which has characterised the dominant pattern of international economic relations based on a one-size-fits-all policy agenda, and which has had a destructive impact on all countries, particularly on least- developed ones.

With the U.S. and the EU in the leadership, the industrialised countries have been opposed to this call for paradigm shift, an opposition which has, on occasion, taken such farcical turns as the refusal for the global financial crisis and its origins to be included in the part of the text which analyses global developments since the last UNCTAD meeting in 2008 and how to deal with them.

While the G77 and China are concerned to draw the lessons of these developments and use it to frame policy for sustainable an inclusive growth that will benefit these countries, the EU, the US and their rich allies are stubbornly clinging to their old policies.

In addition to clinging to these policies, the rich countries are also keen to split the big developing country economies of China, Brazil, India from the rest of the developing world, under the guise of the need to focus attention on the most vulnerable economies.

This may be superficially attractive for some so-called vulnerable countries. However, the effect will be to destroy the basic alliance of developing countries that is critical for the systemic reforms of the global political economy that the poorer countries need most of all for their own development.

UNCTAD calls for development-led globalisation

By Sylvester Bagooro, TWN-Africa

Ahead of the thirteenth quadrennial conference of the United Nations Conference on Trade and Development (UNCTAD XIII) in Doha, Qatar from 21-25 April, UNCTAD Secretary General, Supachai Panitchpakdi has called for member countries to abandon financial-led globalization and embrace development-led globalization instead.

In his report prepared for the conference, Panitchpakdi argues that over the past thirty years, many developing countries have experienced spurts of economic growth followed by collapses. Countries with strong performance are those that have rejected the dominant economic wisdom of trusting their growth prospects in financial markets and instead have pursued innovative and heterodox policies, tailored to local conditions. This has allowed them to shift resources to activities that are increasingly productive. On the hand many developing countries that have embraced finance-led globalization have seen their ability to achieve this structural transformation greatly reduced.

The growing influence of financial markets and institutions has involved a a structural shift in the organization of economic activity that has altered profoundly the way in which wealth is produced and distributed, and which Panitchpakdi argues has been the dominant pattern of international economic relations during the past three decades. Financial deregulation, concerted moves to open up the capital account, and rapidly rising international capital flows have been the main forces shaping global economic integration since the breakdown of the Bretton Woods system. Financial markets and institutions have become the masters rather than the servants of the real economy, distorting trade and investment, heightening levels of inequality, and posing a systemic threat to economic stability

This kind of development path has produced a few winners and masses of losers around the globe. This strategy of development undermined the capacity of countries to mobilise sufficient resources to build productive capacities.

It has also locked countries into a narrow pattern of international specialization with limited growth prospects, whereby these countries focus on financial services at the expense of manufacturing and agriculture.

Above all it has been detrimental to the creation of decent jobs. Given the structural constraints facing many developing countries, an emphasis on making labour markets “more flexible”, when combined with restrictive macroeconomic policies, rapid trade and financial liberalization, and boom-and-bust cycles, has often failed to support the formalization of employment or to promote the rapid creation of secure jobs

In the light of this, the Secretary-General has called for rebalancing of the global economy through sustainable and inclusive development, that ensures wealth is created not only for a privileged few but for all humanity, and provides what people everywhere want: a decent job, a secure home, a safe environment, a better future for their children and a government that listens and responds to their concerns.

Reforming the financial system is the place to begin. Even before the crisis, it was clear that stable and inclusive development was incompatible with speculative market behaviour, boom-and-bust cycles, and the austerity programmes to which they invariably lead. It is telling that the emerging success stories from the South have, in large part, pursued policies that have avoided these dangers. Finance needs to get back to the business of providing security for people's savings and mobilizing resources for productive investment. Reforms are also needed to replace unruly and pro-cyclical capital flows with predictable and long-term development finance, to regain stability in currency markets and to support expansionary macroeconomic adjustments. Surveillance and regulation will need to be strengthened at all levels, and new institutional arrangements may need to be considered.

Again, stable monetary and financial arrangements are a precondition for making trade and investment work for inclusive growth and development. But rebalancing requires that financial and other resources be channeled towards the right kind of productive activities. Industrial development remains a priority for many developing countries because of the opportunities it provides to raise productivity and incomes, and to get the most from international trade. But a wider sectoral approach, including a focus on the primary sector in many LDCs, is needed in order to ensure that measures to diversify economic activity are consistent with job creation, the security of food and energy supplies, and effective responses to the climate challenge.

Furthermore, the role of policy space in building new and more inclusive development paths cannot be understated. This is needed to allow governments – particularly but not only in developing countries – to correct market failures, promote collaboration among enterprises in areas of long-term investment, manage integration with the global economy, and ensure that the rewards from doing so are evenly shared. In order to do so, states must forge a coherent and inclusive developmental vision and build a strong compact with different interest groups to better manage the conflicts and trade-offs that change inevitably brings.

UNCTAD XIII and AFRICA

An Alternative Agenda for Inclusive Growth in sub-Saharan Africa

At the beginning of the millennium, there was little doubt that the promises of structural adjustment programmes had failed to materialize in sub-Saharan Africa (SSA). The combination of macroeconomic austerity, rapid liberalization, privatization and deregulation not only failed to produce a supply-side revolution but, instead, set the region back economically; productivity growth stalled in most sectors.

Since then, there has been much discussion of an African "economic renaissance". GDP growth between 2001 and 2008 averaged 6 per cent per annum across the region, which translated into real per capita growth of about 3 per cent. Growth was also relatively widespread, and only a few economies contracted during this period. There was a sharp downward swing in 2009 as a result of the financial and economic crisis, but generally growth rates remained positive, and there has been a rebound in many countries.

In light of these changes, IMF has talked of a "great SSA growth take-off" attributed to the earlier structural and institutional reforms "that reduced state controls and liberalized trade and domestic financial markets". It has also speculated that SSA could be the new financial frontier, with calls to intensify financial liberalization and integration. Ignoring its own research on the lack of empirical evidence linking financial liberalization to growth, the Fund has also claimed that "there is general agreement that the kinds of reform needed to curtail the power of entrenched economic interests and liberate the productive potential of developing economies are also helpful in attracting private capital flows and making these flows more productive" (IMF, 2010).

While the growth spurt in SSA is a welcome development, the term "take-off" is too strong to describe what has been happening across the region. First, there has been wide variation in economic performance across the region, with very rapid growth rates in some oil and mineral exporters, which distorts the picture for the majority of non-booming-export countries. Second, even during IMF's chosen period (1995–2007), the number of fast-growing countries (17) is matched by the number of slow growers (14). Third, even under these exceptional circumstances, the average performance for the region still lags behind that in East and South Asia for this period, and the income gap with other developing countries has continued to widen – for some countries sharply. SSA is still a long way from repeating the East Asian take-off, and business as usual will not bring it about.

An alternative and pragmatic development agenda for SSA is needed to bring about more inclusive and sustained growth across the region. Such an agenda will need to be both more comprehensive and more integrated than was the case previously. It will, on the one hand, have to better connect macroeconomic policies with the sectoral measures needed to effect structural transformation, and on the other hand, construct a social agenda beyond simply meeting the MDGs. This will require building a policy framework around a strong growth–investment–employment nexus. It will mean more active fiscal measures, including countercyclical measures and a commitment to public investment. Monetary policy will also have an important role to play, ensuring that interest rates remain low and exchange rates remain stable and competitive. These policy instruments can help to strengthen investment prospects, including in the agricultural sector, but they will require support from development banks to ensure that credit is effectively channelled, and capital controls to support an effective and stable exchange rate regime.

Structural transformation will also require effective industrial policy. Traditional aspects of this agenda, including dealing with market failures and picking winners, need to be addressed, together with the creation and management of rents. However, the absence of firms of an adequate size remains an obstacle, not only to building a strong profit–investment nexus in many African countries, but also to taking advantage of increased FDI flows in some key sectors.

A key institutional challenge will be creating (or in some cases recreating) developmental states in SSA. In doing so, it will be important to take lessons from other experiences, even while recognizing that local conditions and constraints are paramount in defining the context for rethinking the role of the state. ... Emerging African developmental states must also be ready to position themselves in the wider regional context and beyond, including the establishment of South–South links outside the region.

Source: REPORT OF SECRETARY-GENERAL OF UNCTAD TO UNCTAD XIII ~ **Development-led globalisation: towards a sustainable and inclusive development path**

Advocacy File

FORMER SENIOR OFFICIALS PROTEST WESTERN PRESSURE ON UNCTAD

Silencing the message or the messenger - or both?

UNCTAD's analyses of global macro-economic issues from a development perspective have regularly provided alternative views to that offered by the World Bank and the IMF controlled by the west. Now Western countries threaten the mandate of UNCTAD's secretariat to analyse macro-economic issues. In the following statement former senior officials of UNCTAD speak out a strong warning against this move to stifle a critical voice.

Since its establishment almost 50 years ago at the instigation of developing countries UNCTAD has always been a thorn in the flesh of economic orthodoxy. Its analyses of global macro-economic issues from a development perspective have regularly provided an alternative view to that offered by the World Bank and the IMF controlled by the west.

Now efforts are afoot to silence that voice. It might be understandable if this analysis was being eliminated because it duplicated the work and views of other international organizations, but the opposite is the case - a few countries want to suppress any dissent with the prevailing orthodoxy.

No multilateral institution is perfect, but UNCTAD's track-record of analysis and warnings on global trends and problems certainly stands up to those of other organisations. As otherwise unfavourable commentators have occasionally admitted, UNCTAD was ahead of the curve in its warnings of how global finance was trumping the real economy, both nationally and internationally. It forecast the Mexican tequila crisis of 1994/5. It warned of the East Asian crisis of 1997. It has consistently sounded the alarm of the dangers of excessive deregulation of financial markets. It has stressed the perils of rapid, non-reciprocal trade liberalization by developing countries. UNCTAD economists have not had to suffer the psychology of denial so prevalent in other organisations.

So why is the UNCTAD message so unwelcome? The fact that UNCTAD has no formal responsibility for the global management of the international economy and none of its own funds to dispense means that its analysis is free of vested interests. No organisation correctly foresaw the current crisis, and no organisation has a magic wand to deal with present difficulties. But it is unquestionable that the crisis originated in and is widespread among the countries that now wish to stifle debate about global economic policies, despite their own manifest failings in this area.

Because of the crisis, we do now have a better explanation of the inter-relationships between the real economy and the world of finance. Those explanations are now a good deal closer to what UNCTAD has been saying for nigh on three decades about the dangers of finance-driven globalization. And it is precisely in its analysis of interdependence that UNCTAD brings added value to an understanding of how the functioning of the global economy impacts on the majority of the world's population who live in developing countries. Given the current pressure on the organisation and its secretariat, that contribution could now be gone for good.

Why now? UNCTAD is about to have its next quadrennial conference (Doha, 21-26 April). UNCTAD conferences are a shadow of their past, being now simply a time to agree on secretariat work programme priorities for the next four years. But that is precisely what is at stake.

Developing countries in Geneva, again, are struggling to resist the strong pressure piled on them by OECD countries and to defend the organisation to which they had been "umbilically" tied. They are not fully succeeding, in spite of the BRICS pledge of support manifested at its recent summit. So the developed countries in Geneva have seized the occasion to stifle UNCTAD's capacity to think outside the box. This is neither a cost-saving measure nor an attempt to "eliminate duplication" as some would claim. The budget for UNCTAD's research work is peanuts and disparate views on economic policy are needed today more than ever as the world clamours for new economic thinking as a sustainable way out of the current crisis. No, it is rather – if you cannot kill the message, at least kill the messenger.

All of the undersigned have worked as senior officials for UNCTAD at one time or another. We are now all retired from the United Nations. Individually, we may not necessarily have agreed with what UNCTAD was saying on specific issues. We have no vested interest in this matter except that we all fervently believe in the value of maintaining an independent research capability that serves to focus inter-governmental debates on how the workings of the global economy affect developing countries.

At time when pluralism is finally being meaningfully discussed in the election of the President of the World Bank, it is ironic that OECD countries are endeavouring to stifle freedom of speech within another multilateral organization. If those who were proud to work for UNCTAD do not speak out now, who will?
Geneva, 11 April 2012

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*) This letter in no way engages any responsibility on part of any of the organisations with which any of the signatories are currently affiliated.

Dateline Africa

BURKINA FASO

Phytosanitary Research Clinic Launched

(Abidjan, SciDev.net 30 March), — The Institute of Rural Development of Burkina Faso (IRD) has established a clinic tasked with improving the use of phytosanitary products, such as insecticides and pesticides, to reduce their impact on agriculture and the environment, and to improve food security.
The clinic was officially launched on 7 March in Bobo Dioulasso at a meeting attended by representatives from the Ministry of Agriculture, and experts from the agriculture, hydraulics, environment and sustainable development fields. Members of the Ministry of Education and the Ministry of Scientific Research and

Innovation were also present.

The clinic has been financed for five years, at a cost of $US536 million (265 million CFA).

It has been tasked with studying and making improvements to insecticide use, including the potential use of naturally occurring insecticides, and improvements to fungicides, which kill or limit the development of parasitic fungi that attack crops.

Irene Sonda, general manager of the IRD, said the clinic would also provide networking opportunities between researchers and potential beneficiaries, to better share experiences derived from research and development, and to enable more efficient diagnosis of bio-aggressors.

"And [it will] look for and identify opportunities to collaborate with other phytosanitary initiatives," he told SciDev.Net.

The project's coordinator, Anne Legrève, said the clinic would serve as an "interface" between field practices and laboratory research.

"This means researchers won't be obliged to go out into the field to discover the [kinds of] problems being faced by producers," she explained.

Legrève added that the clinic was a first for West Africa, and would provide valuable support "for research in education and training ... and in technology transfer related to agricultural activities".

The president of the Polytechnical University of Bobo Dioulasso (PUB), Georges Ouédraogo welcomed the clinic's establishment, saying it would fulfill a much-needed "permanent interlocutor" role between farmers and researchers.

Ouédraogo said many producers have difficulty in getting access to safe chemicals, leading them to use "unsuitable phytosanitary products for treating market garden produce, getting fruit to ripen, and keeping cereals fresh".

He said Burkina Faso currently spends more than $US111 million on imported agricultural chemicals every year, around a third of which is spent on phytosanitary products, and that the clinic would also look at these issues with a view to improving access.

ECOWAS

Member States Charged to Speed up Implementation of Regional Industrial Policy

(Lome, SPONSOR WIRE, 29 March)

The ECOWAS Commission has charged trade, industry and private sector experts in conjunction with other stakeholders to sensitize and mobilize Member States on the need to speed up the implementation of the West Africa Common Industrial Policy (WACIP) adopted in July 2010.

Opening a three-day regional Symposium on WACIP in Lome, Togo, on Wednesday 28th March 2012, the ECOWAS Commissioner for Trade, Customs, Industry and Mines, Tourism and Free Movement, Mr. Hamid Ahmed said the sensitization and mobilization were necessary to ensure buy-in and the attraction of the required foreign investment for industrial development in the region. "Industrialization is not an easy ride," the Commissioner said, adding that a number of challenges and risks are involved.

It will entail diversifying and broadening the region's industrial production base by progressively raising local raw material processing rate from 15-20% to over 30% by 2030 through support for the creation of new industrial production capacity and increasing the manufacturing industries contribution to the regional GDP currently at an average of 6-7% to an average of over 20%. Other objectives include to progressively increase intra-Community trade in West Africa from less than 12% to 40% by 2030 with a 50% share of the region's trade in manufacturing goods particularly in the area of energy as well as increasing the volume of exports of goods manufactured in the region to the global market from the current 0.1% to at least 1% by 2030.

The Director further explained that the implementation of WACIP would complement other regional initiatives such as the ECOWAS Trade Liberalization Scheme and the Common External Tariff aimed at fast-tracking West Africa's industrial and economic development.

GHANA

Government refuses to ban chicken imports

(Accra, MyJoyOnline, 10 April)

To the outrage of local producers, Government has stated categorically that it has no immediate plans to ban the importation of poultry into Ghana.

This follows persistent concerns expressed by poultry farmers over the influx of imported poultry products onto the market which they bemoan is seriously hampering their business.

The farmers have waged a campaign against importation of the products or at least the imposition of tarrifs on them. But Deputy Agric Minister, Dr Sugri Tia has told **JOY BUSINESS** that even though an outright ban would not be ruled out; there was a need to first boost local production.

"It is possible to increase tariffs but we are considering that it is not an immediate option now."

He said the "consumption of poultry has been very low and people's purchasing power has not been the best and we are trying to push local production whiles encouraging people to consume more. So we want to keep their appetite for chicken there".

According to the minister, government will not want the consumption of chicken to reduce because of high cost.

"We don't want it to go out because of the high cost chicken and the same time we don't want our farmers to be out of production, so we are trying to find innovative ways of helping them produce locally whiles we watch what is going on because we have been reducing the quest for imports of chicken into the country."

"We are doing it not necessarily because of the tariffs but then gradually we use the tariffs to reduce the imports," he added.

NAMIBIA

Buy Namibian, Support Local Business

(Windhoek, ECONOMIST, 23 March)

With fuel prices having gone up for the second time this year, the Economist caught up with Team Namibia to discuss what impact this has on local manufacturers/producers. Hubertus Hamm, Board director of Team Namibia, says the increase in fuel prices does not necessarily give local products a competitive advantage over imported products as prices depend on the weighing of transport cost as a percentage of total cost.

He explained: "Many Namibian manufacturers import ingredients and packaging material which will also affect cost. If the manufacturer has a very high local content on inputs, then there should be a slight positive effect. The competitive advantage is however driven by total cost and that is lower outside Namibia."

The Namibian economy is very open with imports and exports representing 50% and 45% of GDP respectively. As imports represents a leakage to the economy, the challenge to both the private sector and government, via policy making, is to replace imports with increased local production without too high cost implications for consumers, said Team Namibia.

"Because of the relatively underdeveloped local supply chain, the Namibian multiplier for the various industries is relatively low compared to other countries. If this local chain can be deepened, the multiplier effect will improve exponentially, imports will be reduced and economic growth will accelerate," the organisation said.

Lizette Foot, managing director of Team Namibia, said the organisation's vision is to create a preference for Namibian products and services both locally and internationally and to develop the economy by developing a sustainable manufacturing, industrial and business sector by garnering support for local products.

"When consumers see the Team Namibia or Naturally Namibian logos, they know the company or product has a commitment to Namibia, its people, its economy and its future. In practice, our members apply the Team Namibia logo on their corporate stationery and packaging in order to help consumers identify their products as Namibian," Foot added.

She said Team Namibia's focus is to communicate the positive impact of keeping the Namibian dollar in the country.

"We generically promote Namibian products, services and destinations. Locally, we encourage Namibians to buy our own products, use Namibian suppliers and go on holiday in Namibia. Equally, we want to promote Namibian products and services to investors and attract tourists to visit Namibia," Foot concluded.

SOUTH AFRICA

Boost for Food Processing Sector

(Cape Town, Biz-Community, 2 April)

The Department of Trade and Industry (Dti) has identified food processing as a priority area in the South African economy. A new incentive scheme, the Manufacturing Competitiveness Enhancement Programme (MCEP), will be launched in April to support industry development and help businesses to improve their competitiveness according to the Trade and Industry Minister, Dr. Rob Davies.

Food processing is highly lucrative and there are many opportunities to grow this industry, but in recent years the sector has faced numerous setbacks, partly stemming from the impact of the global financial crisis.

These include declining export performance, more imports into the South African market and lower rates of product and process innovation.

At a recent food processing workshop hosted by the DTI in Johannesburg, the trade and industry minister explained that MCEP is one of a series of Dti interventions to enhance growth and development of the sector.

The intention of the programme is to address economic challenges that have resulted in job losses in the manufacturing sector. Through MCEP, companies can invest more in their operations and upgrade their production facilities. In doing this, firms can maximise employment, expand their value-adding potential and enhance productivity.

The food processing sector can benefit significantly from this fund, as it specifically targets businesses in manufacturing that are either labour-intensive or exposed to intense international competition.

Reducing the risk of further job losses in the food processing sector is a big focus of the incentive scheme.

"This is the largest manufacturing sector by employment, with 177 000 employees or 15.2% of total manufacturing employment," Davies said. "Food processing is also significant in value addition terms, with the sector contributing approximately 11% of total manufacturing value-added."

ZAMBIA

Non-Traditional Exports Into DRC Soar

(Lusaka, Times of Zambia, 3 APRIL)

ZAMBIA's non traditional exports (NTEs) to the Democratic Republic of Congo (DRC) grew by more than 30 per cent in 2011 as compared to trade figures of the previous year.

Zambia Development Agency (ZDA) director for export promotion and market development, Glyn Michelo said the DRC had continued to be the country's largest single export market for NTEs.

Mr Michelo said Zambia's total NTEs into the DRC market closed the year at US$523.9 million which was more than US$120 million improvement on the figure recorded in 2010.

Mr Michelo said $403 million worth of NTEs into DRC were recorded in 2010 saying that the country had continued recording impressive trade growth with its northern neighbours.

"In terms of market share, the COMESA and SADC trade blocs continued to be among the top destinations for Zambia's NTEs last year where the DRC continued to be the largest single export market for Zambian NTEs," he said.

Mr Michelo said there was need for diversification of the market base which would be achieved by a thorough product diversification as a way of boosting the economy.

He said South Africa was the second largest market under the category where $304.3 million was recorded, representing 18 per cent growth.

Other significant export markets for Zambia's NTEs in order of value of exports are Zimbabwe, Malawi, Belgium, Tanzania and China.

Global Round-Up

GENEVA

WTO debates relationship between exchange rates and trade

(SUNS #7340, 28 March) - The World Trade Organisation (WTO) on Tuesday began its two-day seminar on the relationship between exchange rates and international trade, which is being held in the Working Group on Trade, Debt and Finance.

In October last year, the Working Group agreed to hold the seminar, following earlier submissions by Brazil for a debate on the issue with a view to better understanding the issues involved and their implications for WTO members

The two-day seminar has been broken up into four sessions: a private sector session and a public sector session on Tuesday; and an international organisation session and an academic session on Wednesday.

In a media briefing following the end of the first day of discussions, Ambassador Roberto Azevedo of Brazil noted that what was heard today (in apparent reference to the public sector session hearing WTO Members' views) was clearly divergent views about the roots and causes of exchange rate misalignments. He said that some were of the view that the problem with exchange rate misalignments was due to more direct intervention on the exchange rate markets in trying to control the value of the currency, while others felt that the main source of the problem was fiscal and monetary policies that provoked very large flows of capital across borders

In opening the two-day seminar on Tuesday, WTO Director-General Pascal Lamy said that for a number of reasons, members wanted this debate. "I think that, from an institutional perspective, we even need it. The topic is as old as the GATT/WTO system itself, but it has not been discussed within these walls in a long time. It has to be approached, like the Working Group decided, on the basis of a rational, educative, and fact-based discussion. Reality has to be distinguished from emotions that inevitably arise on this topic, as much here as in other institutions."

LONDON

Heineken plans to build hospitals in Haiti

(Financial Times, 10 April) Heineken, the world's third biggest brewery, is hatching plans to build hospitals and schools in crisis-torn Haiti.

The move demonstrates the growing role of the private sector, particularly the consumer goods industry, in taking on public sector roles in poorer countries. Food and drink makers as well as soft commodity traders have been at the forefront of efforts to train farmers and improve social infrastructure, gaining what brewer SABMiller calls "licence to operate", as well as fostering relations with governments and improving the lot of future consumers.

Heineken has already established HIV/Aids clinics in parts of Africa, but wants to go further by utilising corporate skills such as project management and financial budgeting to carry out the work typically left to multilateral institutions and non-governmental organisations.

The Netherlands-based brewer is to meet Haiti's president Michael Martelly as well as the Clinton Global Initiative to formulate plans for building schools and hospitals.

Companies have already been involved in building schools, typically in collaboration with NGOs and governments. Olam, the commodities trading group, has built schools and health clinics in partnership with other stakeholders.

Nestlé, the world's biggest food group by sales, is building and renovating 40 schools in the Ivory Coast together with the World Cocoa Foundation, an NGO. The Switzerland-based company is spending $1.5m on the programme, which will be matched by the US Agency for International Development to provide accompanying projects, such as adult literacy.

These projects are intended to build goodwill in the community, help foster better relations with governments and also help ensure younger generations will have the wherewithal to earn a decent living – and thus be able to afford products such as chocolate and beer.

The days of investing simply for financial reward are coming to an end, said Mr Nicolson. "Fifty years from now, if that's your modus operandi, I think you will be out of business," he said.

He said the investment involved was small, and would not entail emblazoning the company name on hospitals or schools.

Heineken late last year increased its stake in Brana, the leading brewer in Haiti, from 22 per cent to 95 per cent.

"Haiti [has] 10m people and they have been abandoned by the world," said Mr Nicolson. "You go there and it looks like the earthquake [in January 2010] happened yesterday, and yet a lot of money went in.

LONDON

Rousseff tackles US in 'currency war'

(Financial Times, 9 April) Brazil's President Dilma Rousseff used a visit to the White House on Monday to complain about US monetary policy as she made her case for international action against currency "manipulation" directly to Barack Obama.

In a meeting that highlighted the occasionally uneasy relationship between the two countries despite their potential to be strong partners, Ms Rousseff said that excessive monetary expansion in the US and Europe was hampering growth in countries such as Brazil.

Brazil is keen to win public support for its efforts to find a multilateral solution to what it calls the "currency war", competitive devaluations of exchange rates by countries hoping to improve their export prospects.

Ms Rousseff, who enjoys a 77 per cent approval rating despite a turbulent first year in office that has seen her lose seven ministers, has complained about a "monetary tsunami" that has swamped emerging markets, inflating the value of their currencies and rendering their industries uncompetitive.

"We expressed Brazil's concern with the expansionary monetary policies in rich countries ... which is leading to the depreciation of developed country currencies and compromising growth among emerging economies," she said, sitting beside Mr Obama after their meeting in the Oval Office. Her comments mirror similar complaints she made to the German chancellor Angela Merkel during a visit to Germany last month.

Brazil wants the issue to be addressed eventually through dispute-solving mechanisms in the World Trade Organisation. Ms Rousseff's administration won a small victory late last month when it helped to organise a WTO symposium to discuss the matter.

NEW DELHI

EU won't get further access to government business

(Economic Times, India, 2 April) India will not concede to EU's demand that European companies be allowed to participate in procurements made by public sector enterprises in the country as part of a free trade agreement being negotiated.

New Delhi has said that its commitment on government procurement will not go beyond the existing domestic provisions that allow foreign companies to bid for procurements by ministries and departments for self consumption, according to a government official.

The EU has sought unhindered access to India's government procurement market estimated at about $150 billion per annum.

"The EU has positioned government procurement as a critical area for signing the free trade deal," the official told ET. "It is insisting that India should provide market access in Central entities and PSUs, but India has put its foot down."

The government has stressed that procurement market access being discussed would cover purchases for government purposes only and not what is done for commercial sale or resale. That is why PSUs can not be covered. Sourcing by the Indian Railways and the National Highways Authority of India will also remain restricted territories for EU companies.

In a meeting with EU trade commissioner Karel De Gucht in Delhi last month, commerce and industry minister Anand Sharma explained that India was in the process of formulating a public procurement law which would be mandatory for all Central government entities engaging in procurement.

Since the draft bill is still being discussed with stakeholders, the minister said it might not be possible for India to undertake commitments on areas that are still under discussion.

"India has also clarified that procurement market access being discussed would cover procurement for government purposes only and not that done for commercial sale or resale," the official added.

A number of developed countries, including the EU and the US, are keen that India join the government procurement agreement of the World Trade Organisation that is a plurilateral agreement signed between 42 member countries. India is an observer in the GPA meetings, but has so far resisted attempts of other countries to rope it in.

India has also asked the EU to clarify what India would gain by including government procurement in the bilateral free trade agreement. According to a study carried out by the Centre for WTO Studies at the Indian Institute of Foreign Trade, total government sourcing done by the EU from foreign companies is less than 1% of total purchases.

NEW YORK

UN General Assembly resolution on food and commodity price volatility

(Third World Network, 9 April 2012) The UN General Assembly in New York adopted a final resolution on excessive commodity price volatility on 14 February 2012, calling for a "coherent set of policy actions at the national, regional and international levels to address excessive price volatility and support commodity-dependent developing countries in mitigating negative impacts."

The resolution, titled, "Addressing excessive price volatility in food and related financial and commodity markets," stresses the importance of policies to address longer-term structural issues of the commodity economy and integrate commodity policies into wider development and poverty eradication strategies at all levels.

The resolution emphasizes deep concern of episodic commodity price booms and subsequent busts, while also reaffirming that "every State has and shall freely exercise full permanent sovereignty over all its wealth, natural resources and economic activities."

The contributions of the Common Fund for Commodities and other international commodities organizations are recognized and these are encouraged to continue strengthening coordination with the International Trade Centre, the United Nations Conference on Trade and Development, the United Nations Industrial Development Organization and other relevant bodies.

One area of study highlighted by the resolution is the question of how to establish greater stability in commodities markets and to enhance activities in developing countries to improve access to markets and reliability of supply, enhancing diversification and addition of value, improving the competitiveness of commodities, strengthening the market chain, improving market structures, broadening the export base and ensuring the effective participation of all stakeholders

Notice Board

UNCTAD XIII: The thirteenth quadrennial conference of the United Nations Conference on Trade and Development (UNCTAD) is officially scheduled to take place in Doha, Qatar from 21 to 26 April 2012. This will be preceded by a Civil Society Forum to be held from 17 to 27 April 2012 at the Qatar National Convention Centre, as part of the official programme of UNCTAD XIII

The 2012 AWID Forum on **"Transforming Economic Power to Advance Women's Rights and Justice**" will take place in Instabul Turkey from 19-22 April.

The 23 Session of the ACP-EU Joint Parliamentary Assembly will take place in Horsens, Denmark from 28-30 May, 2012. Issues on the agenda include **Economic Partnership Agreeements, Social and Environmental Impact of Mining in ACP countries, and Progress and Challenges in Regional Intergration**.

The Coalition for Dialogue on Africa (CODA) announces a dicussion forum on Africa and the G20 in Arusha 29 May under the theme **Amplifying Africa's Voice in Global Governance: the G20 and Africa**

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