

BRIDGES NETWORK

BRIDGES AFRICA

Trade and Sustainable Development News and Analysis on Africa

VOLUME 1, ISSUE 3 - JULY 2012



Africa's natural wealth: A curse or a blessing?

NATURAL RESOURCES

How can Africa avoid the resource curse?

PRIVATE STANDARDS

The business path to sustainable development

GENDER

Tackling gender constraints through trade facilitation



International Centre for Trade
and Sustainable Development

BRIDGES AFRICA

VOLUME 1, ISSUE 3 - JULY 2012

BRIDGES AFRICA

Trade and Sustainable Development News
and Analysis on Africa

PUBLISHED BY

ICTSD

**International Centre for Trade and
Sustainable Development**

Geneva, Switzerland

www.ictsd.org

PUBLISHER

Ricardo Meléndez-Ortiz

EDITOR-IN-CHIEF

Andrew Crosby

MANAGING EDITOR

Kiranne Guddoy

ADDITIONAL SUPPORT

Kyle Packer and Marion Excoffier

DESIGN

Flarvet

LAYOUT

Oleg Smerdov

EDITORIAL ADVISORY BOARD

Bridges Africa will fill in its Editorial Advisory
Board in the coming months, if you are
interested in making a nomination feel free
to contact us for further details at
bridgesafrica@ictsd.ch

BRIDGES AFRICA welcomes all feedback
and is happy to consider submissions for
publication. Guidelines are available upon
request. Please write to
bridgesafrica@ictsd.ch

NATURAL RESOURCES

4 **Natural wealth: Is it inevitably a curse?**

Otaviano Canuto and Matheus Cavallari

NATURAL RESOURCES

7 **How can African economies turn the resource curse into a blessing?**

Dan Haglund

PRIVATE SECTOR

10 **Private voluntary standards: The instruments for a lasting trade policy in Africa?**

Hans-Peter Egler

REGIONAL INTEGRATION

13 **Reducing non-tariff barriers to trade in Africa**

Henri Joel Nkuepo

REGIONAL INTEGRATION

16 **Intra-African trade: Not an easy path**

Adetunji Babatunde and Gbadebo Odularu

GENDER

18 **Supporting trade expansion and gender equality: Tackling gender-intensified constraints to trade**

Kate Higgins

20 **Special meeting report**

22 **Global news**

24 **Publications and resources**

The resource paradox



Prior to the RIO +20 conference, African leaders adopted the "African Consensus Statement on Rio +20" in which they noted that Africa is largely dependent on natural resources to achieve growth and development that may be hindered by the impact of climate change. Civil society and other African organisations also drew the international community's attention towards the urgency to act in a comprehensive way to stop both the main causes of environmental degradation and the mechanisms that foster poverty, thus enabling Africa to use natural resources in a rational manner. They recommended that African States voluntarily commit their rebirth to the control of their resources and make the well being of current and future populations a priority.

Today, many African countries rely heavily on unprocessed primary product exports. In appropriate circumstances, the resource boom may be a key driver of growth. In fact, we often tend to think that such type of exports might enable these countries to finance all or part of their efforts in development, especially as oil prices, for instance, have increased exponentially over the past decade. However, despite their rich endowment in natural resources, many of these countries remain poor; this is known as the "resource curse." This notion refers to a situation where a country's exports are primarily based on natural resources, which generates substantial revenue but, paradoxically, leads to economic stagnation and political instability.

This month Bridges Africa features two articles on natural resources: Citing World Bank research, Otaviano Canuto and Matheus Cavallari cast doubt on the assumption that large endowments of oil, gas, and minerals can actually become more of a curse under certain circumstances, slowing economic growth and spurring redistributive struggles. Dan Haglund follows with an optimistic take on this "resource curse" and explains what mineral-dependent countries and other stakeholders can do to prevent natural resources from becoming a curse and, instead, turn them into a blessing.

Also, this issue offers other articles related to the private sector involvement in sustainable development, regional integration from an African perspective and gender issues related to trade. We hope you enjoy reading this issue!

Next month read the latest edition of our French-language Africa-focussed periodical Passerelles. This issue will focus on the outcome of Rio+20 from an African perspective. Meanwhile, Bridges Africa will publish a special summer issue dedicated to trade in services in Africa, don't miss it!

Bridges Africa is now accepting nominations to join our editorial advisory board: For more information or if you would like to submit an article for review, please contact the managing editor Kiranne Guddoy at: kguddoy@ictsd.ch

The Bridges Africa team

REGIONAL INTEGRATION

Natural wealth: Is it inevitably a curse?

Otaviano Canuto and Matheus Cavallari

No clear relationship can be established between natural resource abundance and income per capita levels.

An abundance of natural resources is intuitively expected to be a blessing. Nonetheless, it has been argued for some decades that large endowments of natural resources—oil, gas, and minerals in particular—may actually become more of a curse, often leading to slow economic growth and redistributive struggles. The World Bank has started a breakthrough in national accounts toward capturing the span of assets in order to measure development progress. A set of wealth accounts covering a 10-year period, 1995 to 2005, for more than 120 countries is now available. This note presents an analysis of these data to revisit some of the conclusions reached in the literature on the relationship between natural resource abundance and economic growth. The findings are in alignment with the view that there is no clear deterministic evidence of natural resource abundance as a curse or a blessing; therefore, the effect on a country depends on other determinants.

Natural wealth indexes: what do they say?

The set of wealth accounts established by the World Bank includes produced capital (machinery, structures, and equipment); natural capital (agricultural land, protected areas, forests, minerals, and energy); and intangible capital. Measuring natural wealth is an initial step toward capturing its potential contribution to the overall capital accumulation and corresponding income growth.

Produced capital

First, the share of produced capital in wealth moves upward from low levels in low-income countries, but remains reasonably modest thereon. It appears that cumulative savings used for investments in physical assets accompany and support the rise in income levels, but typically at a proportionate speed. Table 1 reproduces wealth and per capita wealth by type of capital and income group in 1995 and 2005 (World Bank 2011, 7).

Intangible capital

Secondly, intangible wealth is the largest single component of total wealth at all levels of income, but increasingly so as it moves to the upper-middle- and high-income levels. Increased educational attainments, as well as improvements in institutions, governance, and other intangible forms of wealth are imperative if a country is to overcome “middle-income traps”. The nexus with savings and investments is not as straightforward as in the case of produced capital, because the dynamics of intangible wealth accumulation depend on quality of education, institutional evolution, collective knowledge, and non-research- and development-derived technical progress.

Natural capital

It follows that natural assets comprise a substantial portion of total wealth at low-income levels, decreasing in relevance if the economy succeeds in moving up the income ladder. In all cases, however, if the use of nonrenewable natural capital leads to support just consumption, there will be no income-generating assets to replace it when it is exhausted. Natural capital also varies over time for reasons other than its use. The fact that it diminishes in relative terms does not preclude it to rise in absolute terms as a result of technological changes or new discoveries. As Collier (2010) has highlighted the OECD square kilometer had \$125,000 of known subsoil assets, as of 2000. In contrast, this amounted only \$25,000 in Africa. It is probably a consequence of massive failure in the discovery process in Africa.

Table 1. Wealth and per capita wealth by type of capital and income group, 1995 and 2005

Income group	1995				
	Total wealth (US\$ billions)	Per capita wealth (US\$)	Intangible capital (%)	Produced capital (%)	Natural capital (%)
Low income	2,447	5,290	48	12	41
Lower-middle income	33,950	11,330	45	21	34
Upper-middle income	36,794	73,540	68	17	15
High-income OECD	421,641	478,445	80	18	2
World	504,548	103,311	76	18	6
2005					
Low income	3,597	6,138	57	13	30
Lower-middle income	58,023	16,903	51	24	25
Upper-middle income	47,183	81,354	69	16	15
High-income OECD	551,964	588,315	81	17	2
World	673,593	120,475	77	18	5

Source: World Bank 2011, 7.

Note: Figures are based on the set of countries for which wealth accounts are available from 1995 to 2005.

Data in this table do not include high-income oil exporters.

OECD = Organisation for Economic Co-operation and Development.

Values of natural capital may also change as a result of heterogeneity among natural resources. The value of existing assets may rise if increases of global production have to be based on less efficient sources at the margin. Such "rents" tend to be reflected in the value of natural capital in countries well endowed with high-quality resources.

One may then guess that abundance of natural capital—as measured by per capita natural wealth—is in principle favorable to raising per capita income levels. Furthermore, the average archetype of wealth-cum-income progression may take place with different shares of natural wealth in different countries. This is illustrated by the different wealth compositions as of 2005 among high-income countries (the United States, Japan, Norway, Canada, and Australia), as well as among middle- and low-income countries (Table 2).

So, where can one locate a possible "natural resource curse"?

Some analyses explain how certain conditions could result in situations where natural resource booms become a curse. Weak governance and corresponding poor economic policies underlie the misallocation and mismanagement of resources. Resources shift out of productive activities into unproductive rent-seeking activity. It is not by chance that resource curse cases can be primarily associated with extractive industries because these are "concentrated 'point source' resources that can easily become the object of rent-seeking and redistributive struggles".

Consumption use of tax revenues derived from natural resource extraction through public spending is also a typical manifestation of poor governance. In fact, the handling of macro-management challenges that typically accompany natural resource booms in natural resource-rich countries can in most cases be traced back to governance quality.

However and regardless of whether natural resources are dominant or not, it just seems that in most cases new capital translates into more income. In fact, as shown in figure 2, there is no regular pattern between relative abundance of natural wealth and income levels, and thus no kind of natural resource curse can be depicted. Intuitively, as confirmed by these results, the potential blessing associated with natural resource discoveries exists because they expand the country's stock of total capital.

In this sense, nations can take advantage of the additional source of richness from the period of exploration until the complete depletion, lifting the GDP per capita. Clearly,

the real challenge is to invest those rents in other productive assets, thereby generating other kinds of abundance for future generations and sustaining income per capita at corresponding higher levels.

Table 2. Shares of natural capital in total wealth per capita (selected countries)

Country	Total wealth per capita (2005 US\$)	Natural capital per capita (2005 US\$)	Share of natural capital (%)
Norway	861,797	110,162	12.8
United States	734,195	13,822	1.9
Japan	548,751	2,094	0.4
Canada	538,697	36,924	6.9
Australia	518,805	39,979	7.7
Brazil	79,142	14,978	18.9
Argentina	71,252	10,267	14.4
Malaysia	64,767	12,750	19.7
Botswana	58,895	5,420	9.20
Jordan	51,454	2,690	5.2
Nigeria	10,982	6,042	55.0
India	10,539	2,704	25.7
Malawi	3,471	1,170	33.7

Source: Authors' calculation, from World Bank 20011, appendix C.

Conclusion

Using the data on the natural wealth of countries recently made available by the World Bank, our recent empirical analysis could not find significant deterministic evidence of a direct negative relationship between the abundance of natural resources and income per capita levels, or the so-called "natural resource curse" (Canuto, and Cavallari, 2012). We align with others who have stressed that intangible wealth in the form of governance quality is a key determinant to the outcome of natural resource abundance as a blessing or a curse.

Three types of policies have been emphasised in the literature as the safest way to make sure the bang from the natural resource buck is maximised, especially in the case of low-income countries for which the use of natural resources may be crucial for a leap upward in the income per capita ladder. Ensuring high transparency and strengthened checks and balances for all phases of natural resource extraction and use are critical for a favorable outcome, as well as to minimise risks of rent capture by patronage networks and avoid premiums on rent-seeking behavior. By the same token, adopting fiscal rules to ring-fence investments from proceeds of overtime depletion of natural resources and to mitigate the effects of the usual volatility associated with natural resource prices can reinforce the dynamics of wealth accumulation toward the upper scales of the income ladder. Reforms to improve public sector capacities in terms of public investment management, monitoring and evaluation, budget processes, and so forth will also help transform natural wealth into produced capital and intangible wealth.

References

World Bank, 2011. *The Changing Wealth of Nations: Measuring Sustainable Development in the New Millennium*.

Canuto, O., and M. Cavallari. 2012. "Natural Capital and the Resource curse", *Economic Premise*, n.83, May. <http://bit.ly/NFYcTH>

Brahmbhatt, M., O. Canuto, and E. Vostroknutova. 2010. "Natural Resources and Development Strategy after the Crisis." *The World Bank*. <http://go.worldbank.org/TPPWANWXRO>



Otaviano Canuto
Vice President and Head of the
Poverty Reduction and Economic
Management (PREM) Network



Matheus Cavallari
Consultant for the PREM
Network

NATURAL RESOURCES

How can African economies turn the resource curse into a blessing?

Dan Haglund

Many less-developed countries are becoming increasingly dependent on mineral commodity exports. What are the critical steps that can be taken to ensure that the current commodity boom results in a resource blessing rather than a resource curse?

According to a recently published study by consultancy Oxford Policy Management, the number of commodities-dependent countries with low and middle incomes has risen by more than 30 per cent between 1996 and 2010 – up from 46 to 61 countries – leaving them vulnerable to the resource curse. Half of the countries identified as being at 'high risk' are in Africa. Recognising that the effects of the resource curse are avoidable, this article identifies some of the challenges facing these countries, and attempt to show how they can be overcome by working with the private sector and donors to enhance the levels of development attributed to mining.

The arrival of mining multinationals often appears to be a golden opportunity. New mines bring jobs, government revenue, income for local suppliers and possibly even improvements in infrastructure. When the salaries of workers and suppliers are re-invested in the local economy, a multiplier effect provides benefits to a broader cross-section of society.

Yet history shows that extractive industries often fail to deliver sustainable growth. Instead, countries experience appreciation of real exchange rates (rendering non-mineral exports less competitive), skilled workers are drawn away from other manufacturing industries into the mining sector, and the jobs that do materialise are fewer than expected and less suited to local communities. Tax payments take a long time to materialise, the arrival of immigrants in search of jobs in mining communities puts pressures on public services, and the unpredictable nature of government revenues increases the risk of rent-seeking and corruption. Together these consequences are loosely referred to as the "resource curse".

[...] history shows that extractive industries often fail to deliver sustainable growth

An increase in resource dependence

The challenges of managing resource wealth are significant. In 2010 some 95 countries gained more than a quarter of their tangible export revenues from minerals (including fuels). Around three quarters of these were low- or middle-income countries. The degree of mineral dependence has also increased. This trend is particularly evident amongst countries dependent on non-fuel minerals such as copper, gold and iron ore: between 2005 and 2010, fourteen such countries increased their dependence ratio by at least 25 percentage points. In Burkina Faso, the mining sector accounted for just 2 per cent of exports in 2005, but 41 per cent five years later; in Somalia, over a third of export revenues are now generated by the mining industry, up from 5.4 per cent in 2005.

Non-fuel, mineral-dependent countries often exhibit lower economic development than other countries, including countries dependent on oil and other fuel minerals. The top-20 countries with the lowest GDP per capita include the Democratic Republic of Congo (\$319), Sierra Leone (\$808) and Mozambique (\$885) – all with substantial mineral resources.

Economic and institutional preparedness matters

The challenge is how to manage this resource wealth effectively. First, a stronger and more diversified economy helps to maximise the positive impacts of mining. Where overall economic development is lacking, governments may be inclined to spend revenues as they arrive, leaving less potential for linkages between foreign companies and local suppliers. Second, institutional development is needed to secure government's ability to both collect revenues from mineral extraction and to spend them effectively on physical and social infrastructure.

The study shows that 12 countries – all highly dependent on mineral exports and with low economic and institutional development – are at particular risk of falling victim to the resource curse. Seven of these are in Africa: Burkina Faso, DRC, Ghana, Mali, Mauritania, Tanzania and Zambia.



Six steps to resist the resource curse

What can be done to mitigate the risks and enhance the positive impacts of large-scale mining in these countries?

Understand and manage broader macroeconomic impacts

When revenues from extractive industries enter small, undiversified economies, the result is often price inflation – increasing input costs for local producers and undermining the competitiveness of export sectors (e.g. manufacturing and agriculture) that employ many more people than mining. Moreover, mining typically attracts skilled workers away from other exporting sectors. To avoid this 'crowding out' effect, governments need to adopt an economic life-cycle approach for the extractive industries and invest in vocational capacity building to meet demand for skills.

Use mineral receipts to invest in productive assets

The lack of effective public finance management systems in poorer countries, coupled with enormous demands for increased government spending, can easily result in profligacy and pro-cyclical spending. To secure the broad benefits of mineral wealth, governments should invest mining returns in productive assets such as infrastructure and education, rather than recurrent expenses (e.g. public sector salaries).

Integrate mining more closely with other economic activities

To the dismay of local communities, modern mining typically offers little direct employment. However, there may be significant opportunities in the mining supply chain for consumables and services. Locally owned and operated companies can meet some

of this demand if supported by government (e.g. providing infrastructure and securing property rights) and foreign investors (e.g. supply chain development programmes). The African Mining Vision formally launched by the African Union/UNECA in December 2011 embraces this approach.

Understand your local economic and social impacts

From inflation to immigration to pollution, the impacts of mining are often best felt in the local community – long before production begins, and even longer before tax revenues start flowing. It is essential to study the likely impacts of a new mine in order to help target activities and guard against a backlash. Baseline studies need to examine local political economy factors – as well as socio-economic indicators – and be monitored through regular household surveys in neighbouring communities (e.g. every two years).

Manage expectations through effective communication and consultation

The fundamental mismatch between local expectations and what a mine can actually deliver in terms of benefits is a driver of frequent social tensions around resource projects. Companies need to manage expectations by establishing and sustaining dialogue with communities, and being frank about the number of jobs created and the skills they require. It is essential to recognise that benefits for the community will be more limited if (as in northern Tanzania) large-scale mining displaces pre-existing livelihoods of artisanal miners.

Strengthen accountability mechanisms

The large and erratic nature of fiscal receipts from mining makes them prone to rent-seeking and corruption. To tackle this, greater accountability is needed at every stage of the value chain, from the awarding of licences and monitoring environmental impacts to revenue collection, spending and closure. The Extractive Industries Transparency Initiative (EITI) has enhanced accountability around revenue payments, but the multi-stakeholder approach has yet to be effectively applied in other areas.^① The critical insight is that policies are ineffective unless accompanied by careful attention to implementation throughout the extractive industries policy chain, including well-resourced and well-incentivised inspectors.

Conclusion

Unlike their richer counterparts, low- and middle-income countries often lack the institutional arrangements to cope with the challenges of translating mineral wealth into human development. The resource curse is not a foregone conclusion for any of the mineral-dependent African countries, but it needs to be dealt with. None of the above steps are – in isolation – sufficient to mitigate the risks of the resource curse. Yet taken together they represent an overall framework for thinking about what different actors can do in order to nudge countries towards a sustainable path of mineral development.

Note: The Oxford Policy Management study "Blessing or Curse? The rise of mineral dependence among low- and middle-income countries" can be found at <http://www.opml.co.uk/paper/blessing-or-curse-rise-mineral-dependence-among-low-and-middle-income-countries>

^① The EITI aims to increase transparency around revenue payments in extractive industries, by requiring companies to disclose what they pay; governments to disclose what they receive; a multi-stakeholder forum to oversee the process; and audits to reconcile revenue flows. See <http://eiti.org/>



Dan Haglund
Economist with Oxford Policy
Management's Extractive
Industries Portfolio.

PRIVATE SECTOR

Private voluntary standards: The instruments for a lasting trade policy in Africa?

Hans-Peter Egler

Private voluntary standards are not market obstacles, but are instead useful tools for producers. It is the responsibility of governments to ensure a favorable environment for the implementation of private standards in order to allow for the development of a modern and competitive agricultural sector.

Globalisation, the increasing complexity of production processes, as well as environmental and social challenges call for transparent and compelling guidelines at the global level. International rules are often ill-equipped to deal with these issues. With this in mind, the Swiss State Secretariat for Economic Affairs (Seco) supports, as part of its trade promotion, the establishment and implementation of private voluntary standards that, as instruments of sustainable policy focused on the market, fill the gap between the various international regulations.

Private voluntary standards - that is to say, guidelines defined by criteria that can be applied to processes and production methods, and submitted for independent certification - are successfully implemented all over the world. In 2010, 10 percent of the international trade in tea came from certified production. This rate was 8 percent in the coffee sector, a market that is worth 90 billion US Dollars. The rate for certified bananas has gone from 1 percent to 22 percent in the past ten years.

What impact does this have on producers?

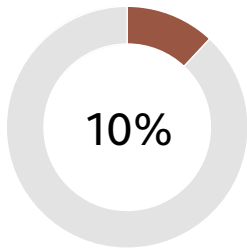
Supporting the development of standards, Seco financed the first scientific analysis of the impact of the *Committee on Sustainable Assessment (Cosa)*.^① One of the pilot projects conducted by the Cosa study within the coffee sector in Tanzania - a country where coffee allows over two million people to partially or completely sustain themselves - highlights the advantages of certified production compared to traditional methods. Success was reported in the three main areas of sustainable development. From a social perspective, implementing these standards reinforces education and therefore the producers' social capital, and also raises the school attendance rate as well as the education level for children. From an environmental perspective, protecting biodiversity, preserving resources, fighting against erosion and avoiding water pollution are undeniable benefits. The economic advantages are demonstrated by the substantial increase of net disposable income. This is the direct result of better prices through a mark-up for organic or fair-trade produce and the indirect result of a higher level of efficiency connected to know-how.

Another study, conducted within the cotton sector in Burkina Faso, shows that organic farming helps reduce expenses by up to 90 percent, especially for the cost of fertiliser, and to lower not only production costs but also financial dependency linked to the purchase of fertiliser. Producers are also investing in diversification and are becoming increasingly self-sufficient while being less dependent on a single crop. The net income of producers of organic cotton is generally 30 percent higher. Non-monetary benefits are also accrued to those who switched to farming organic cotton including better health, a more fertile ground and - contrary to public opinion - less physical labour.

Private standards provide three main advantages to improve the situation for producers:

Standards: A key factor in gaining better access to markets

Private voluntary standards have developed in response to the high demand for goods produced according to social and environmental criteria. Therefore, in some situations, implementing these standards allows producers to gain better access to markets. The fair-trade label is a trailblazer: its concept of contractual relationships has enabled it to



Percentage of the international trade in tea that came from certified production in 2010

guarantee higher, more stable prices to producers in the South for over twenty years, as well as long-term, privileged economic links in a niche market. New initiatives relating to consumer goods have increased its impact. Using an "unbranded" approach, industry, trade representatives, local producers and non-governmental organisations have been developing sustainability standards together and making decisions pertaining to them in a democratic manner.

Implementing standards improves competitiveness

To enable the sustainability standards achieve the highest possible impact, producers in developing countries are being offered training and customised advice on topics from implementing standards to assessing them and becoming certified. Skills training is crucial in this regard as well-trained producers can shape their own destinies and improve their competitiveness on an international scale by developing the quality of their products as well as their efficiency and sustainability.

The Cosa (see box on next page) study unexpectedly showed that the main factor motivating coffee producers in implementing voluntary labels is not the high level of demand or the increase in price – which is between 5 and 80 cm per kilo – but the measures offered in terms of management skills. These measures allow farmers to develop their production, processing and marketing methods, and therefore take ownership of their future.

Information encourages awareness

Access to information is another key element. This starts by producers being made aware of the advantages provided by sustainable production methods and realistically weighing the costs and benefits of the various standards. Only then can they choose the option best-suited for them. Wide access to information allows producers and manufacturers to anticipate market developments on a local and international scale and adapt their production methods to the changing needs of consumers. These strong trade ties based on mutually constraining standards are what allow for the transfer of knowledge along the distribution chain.

What challenges need to be overcome?

Today, certification by independent organisations is mostly used by the farming sector. The processing industry is still lagging behind, even though the potential is there – and expected to bear fruit – at least at the same level in terms of the "green economy" and processes respecting social imperatives. The experience gained from the ISO management systems standards – especially pertaining to quality, environment, and social aspects – and from the SA8000 social responsibility standard – mostly based on the core conventions of the International Labour Organisation (ILO) – shows that the implementation of standards for industry is also profitable from an economic perspective: the efficient use of resources (energy and raw materials consumption, waste, water requirements, emissions and health risks) and an improved social atmosphere (motivated and accountable workforce, fewer accidents and fewer absenteeism) allow production costs to be significantly reduced.

Harmonisation strengthens its impact

The harmonisation of standards and education programmes as well as the mutual acknowledgement of certification criteria are likely to lower costs for producers, as well as education and transaction costs. The latter often prove to be a major obstacle for producers who want to take part in trade on a global level.

All of the market stakeholders involved in the added-value chain – producers, retailers as well as informed, critical consumers – can benefit from the "good practices" in terms of defining and implementing these standards for certification and accreditation. These good practices include the standards developed by the *ISEAL Alliance*, a collective of major organisations relating to labels. Trying to harmonise standards is crucial to strengthening the impact of these initiatives.



In Tanzania, fair-trade allows thousands of small producers and their families to benefit from long-term contracts and minimum prices that allow them to survive. The Tanzanian high plateaus at the foot of Mount Kilimanjaro provide an ideal setting to grow premium quality light Arabica.

Photo: Technoserve

The impact depends on the context

The impact of standards, however, is still dependant upon both context and the various factors contributing to the achievement of the intended goals. The Cosa study showed that regional income disparities in the coffee sector are sometimes higher than those separating certified production from traditional production. Despite the success stories, it is still vital to carry out new impact analyses and to determine precisely which labels have the best impact on producers, bearing in mind the local conditions.

Technical barriers to international trade?

In order to prevent well-intentioned sustainability criteria from becoming new technical barriers to trade for producers, these standards must be adapted to producers' needs. Furthermore, additional measures such as the transfer of knowledge or financial support to cover the costs of implementing these standards are needed. This would allow small producers with lower income to take part in private standards and sustainable value-added chains.

The State: An ancillary driving force

Private voluntary standards cannot replace political policies that stimulate sustainable development. Furthermore, the governments of producing countries and of donor countries must ensure that private standards further the cause of sustainable economic development. When it comes to producers, a study of asparagus farming in Peru and of the fruit and vegetable sector in Kenya conducted by the World Bank showed that governments of producing countries that were actively involved in developing and implementing standards, and which invested in frameworks to ensure they were respected, were very successful.

Donor countries also play an important role by further supporting these standards. Regarding trade promotion, Seco supports private voluntary standards by working at different levels: providing core financing to develop standards; implementing them, transferring knowledge and providing certification in producing countries; and sensitising and informing both consumers and responsible buyers in the public and private sectors who sometimes need specific information in order to make good purchasing decisions.

Sustainability: A real success

Sustainable production processes and methods deliver a blueprint for producers and consumers. The ever-increasing interest in sustainable development processes has enabled the coffee, cocoa, tea, and banana producers who have followed this path to exhibit rapid growth in the past five years, recording double, sometimes triple, digit growth rates. When it comes to demand, the implementation of private voluntary standards allows international buyers to trace producers without any difficulties, and limits any potential damage to their reputation that could be caused by not respecting internationally recognised environmental and social obligations.

Conclusion

While some producers see private voluntary standards as a market barrier, many who have pursued them see them as an opportunity to improve the commercialisation of their agricultural activities. Thus, the cost of implementing these standards should not be seen as an expense but as an investment in modern, competitive farming. It is therefore important for governments to create an environment that favours better implementation of these standards.



Hans-Peter Egler

Head of trade promotion in the Economic Cooperation and Development Division at the State Secretariat for Economic Affairs (SECO), Berne

-
- ❶ The Committee on Sustainable Assessment (COSA) is a global non-profit consortium that brings together various international organisations to put forward a neutral tool to measure this impact and to be able to compare the different sustainable agricultural practices on a large scale.

REGIONAL INTEGRATION

Reducing non-tariff barriers to trade in Africa

Henri Joel Nkuepo

African countries have to significantly reduce the economic and political obstacles to intra-regional trade in order to establish a successful Continental Free Trade Area.

Africa ranks last in terms of intra-regional trade after Europe, Asia and North America according to a 2011 WTO report. Natural resources dominate Africa's economy, leaving other sectors neglected and underdeveloped. Political and economic factors also contribute to Africa's poor performance vis-à-vis the free flow of goods and services. These non-tariff obstacles to trade are the principal challenges to Africa's development; they reduce the continent's ability to benefit from intra-regional and international trade. These obstacles need to be significantly reduced by 2017 if African leaders are serious about establishing a Continental Free Trade Area (CFTA), but how can this be done?

Economic obstacles

The economic obstacles – also known as infrastructural obstacles – to intra-African trade are a consequence of Africa's poor development.

Today, the biggest challenge faced by Africa is the lack of road infrastructure. There are fewer kilometers of road now than the continent had some decades ago, with about 70 percent of the rural population living more than 2 kilometers away from an all-season road. Consequently, the transportation of goods regionally is more expensive than with other regions of the world. In fact, transportation vehicles spend more time and money on the road than anywhere else. For instance, Shoprite spends US\$20,000 per week on securing import permits to distribute its products to neighboring country Zambia, whereas other South African retailers take years to obtain the permission needed to export processed beef and pork from South Africa to Zambia. Moreover, flying from one country to another is expensive, and railway infrastructure barely links African countries. All of this contributes to high transportation costs and an increase in transport times, which in turn increases the overall cost of doing business on the continent, impedes private investment, and reduces Africa's ability to benefit from international and regional trade.

There are fewer kilometers of road now than the continent had some decades ago [...]

Today, the overall quality and reliability of the Information and Communication Technology (ICT) infrastructure is a critical location factor for businesses across all sectors of an economy. A modern economy lacking a reliable ICT infrastructure will find it hard to either compete with others or benefit from international trade. This is the case for African countries, most of whom have inadequate, inefficient and very expensive telecommunication services.

African financial institutions find themselves unable to support intra-regional trade, mainly because of a weak capital base, limited knowledge and experience in managing counter-party risks, and limited correspondent banking relationships. The continent has multiple and non-convertible currencies, inefficient payment mechanisms, insurance requirements and customs guarantees. While currency conversion makes trade more expensive, the non-convertibility of some currencies makes many things tremendously time consuming.



Political obstacles

In Africa, policy-makers with limited market knowledge fail to consult with businesses as they implement programs intended to increase intra-regional trade.

Conflicts, terrorism, and political instability are also important obstacles to consider. Not many businessmen would happily send their goods to a country where the driver could be killed or taken hostage; few tourists would visit a country where terrorists are free to attack; nobody would want to establish a business in a country where the president has no legitimacy, and where people are killed or forced to flee their homes and property; and no one generally wants to trade with corrupt officials. All of this interrupts foreign direct investment (FDI) as well as intra-African trade.

Reducing the non-tariff obstacles to trade

In order to overcome these obstacles, decision-makers must focus on three important elements: financial industry (emphasis on insurance industry), conflict eradication, and the linkage of African countries (roads and fewer check points).

Improved financial infrastructure

Africa also needs a financial system that can provide a means of transforming technical innovation into broad implementation. Without this, technological progress will not have a significant impact on economic development and growth in Africa. The financial system includes a wide array of firms vital for trade and growth such as banks, credits unions, investment banks, security trading, financial advisory services, and insurance companies that deal with the management, investment, transfer, and lending of money.

Insurance companies, for instance, play an important role in development because, together with mutual and pension funds, they are one of the biggest institutional investors. They play almost the same role as banks and capital markets, because they serve the needs of business units and private households in financial intermediation. In addition, they can invest in infrastructural construction (roads, airlines and information technology) and provide micro-finance (micro-insurance) by helping farmers through hard times. With a good financial system, Africa does not have to seek foreign aid for infrastructural development.

Less conflict, more stability

Africa is as rich in natural resources as it is politically unstable. Many African countries are among the most unstable in the world. These instabilities render trade relations almost unfeasible in certain regions of the continent. However, African leaders have not

given attention to the fact that international trade can be used as a conflict resolution mechanism. International trade fosters mutual dependency.

If African countries increase intra-African trade, they will be motivated to take conflicts and terrorism more seriously. Indeed, it is striking that the African Union Action Plan for Boosting Intra-African Trade makes no mention of conflict or instability; it completely ignores the cooperative benefits of increased regional trade.

African governments have to work with the private sector to develop those infrastructures and put aside the belief that only government can provide public services like roads and hospitals.

With a sound financial system, peace and increased intra-regional trade, African countries would be constrained to take the above issues more seriously. African governments have to work with the private sector to develop those infrastructures and put aside the belief that only government can provide public services like roads and hospitals. Linking African countries together is as much a corporate responsibility as a government one; both stand to benefit from the development of Africa.

The privatisation of the major ICT service providers can lead to greater competition and lower prices. African leaders have to implement plans to increase competition in the services sector. They must understand that liberalising international trade means also liberalising services and establishing sound intellectual property laws, which are very important for the free movement of persons and inventions (new technologies and banking services et cetera).

It is inconceivable nowadays to have a plan that does not consider environment and climate change. These are among the principal causes of food insecurity in Africa and yet, African leaders do not mention them in a plan that they think will help develop Africa. Africa needs a sustainable and environmentally friendly FTA. Increasing intra-African trade also means increasing the trade in environmental goods and services. That is why, the AU has to work closely with the WTO and other regions on issues related to environment and the trade in environmental goods and services.

Conclusion

The fact that Africa ranks last in terms of regional trade is the consequence of the political and economic obstacles that impede the trade among African nations. The establishment of a successful CFTA rests on the significant reduction of those obstacles. Furthermore, African leaders should take conflicts and political instability more seriously in order to enhance regional trade.



Henri Joel Nkuepo will occupy his new position as a Legal Associate at the World Bank on September, 10th 2012. He is currently a Research Scholar at the University of Iowa, College of Law as well as an Associate Fellow of the Centre for International Sustainable Development Law (CISDL), McGill University. He is also the Founder of African Trade Law Expertise (www.africantradexpert.com) and the author and editor of Africa's Trade Law Newsletters.

REGIONAL INTEGRATION

Intra-African trade: Not an easy path

Adetunji Babatunde and Gbadebo Odularu

The objectives of the proposed 2017 Continental FTA are not impracticable. However, optimally realising them requires that Africa takes some strategic steps towards overcoming its inherent socio-economic and political obstacles.

The need to enhance intra-African trade among African countries led to the formation of the EAC-COMESA-SADC (East African Community; Common Market for Eastern and Southern Africa and the Southern Africa Development Community) tripartite Free Trade Agreement (TFTA), as well as to the proposed 2017 Continental FTA (CFTA) between Cairo and Cape Town. The tripartite agreement is expected to grant parties access to economies of scale and invite other benefits associated with market integration (such as income and employment generation). However, the agreement faces certain obstacles. In highlighting some of the hindrances to both the tripartite agreement and the CFTA, this paper proposes some strategic policy suggestions to help realise the goals of the FTAs.

Between benefits and obstacles

Intra-African trade is necessary in order for African nations to develop the complementarities of their economies and take full advantage of the economies of scale, along with the other benefits associated with greater market integration. The TFTA, dated from June 2011, is established on tariff-free, quota-free, exemption-free, and variable geometry principles. Additionally, through complementary programmes – involving customs cooperation, the harmonisation of industrial standards, the combating of unfair trade practices and infrastructure development – it is intended to foster intra-regional trade within the Regional Economic Communities (RECs). During its annual summit in January 2012, the African Union endorsed a plan of action, aimed at boosting trade within the region by at least 25-30 percent in the next decade.

However, before the tripartite FTA can fully yield the benefits of increased trade, members must first address the obstacles to the free movement of goods and people within their own countries and RECs. It remains, for instance, very expensive to transport commodities from Nairobi to Mombasa, two cities within the same country. Indeed, the proposed 2017 CFTA appears a very tall dream so long as strategic structures and systems on the continent remain weak.

Obstacles to overcome in the medium term

Both the TFTA and CFTA offer potential benefits to member countries and sub-regions. The prospects include a bigger economy, increased market access for products, elimination of overlapping memberships, increased foreign direct investment (FDI), increased industrialisation, improved competitiveness of products, enhanced food security, and a more efficient infrastructure. However, many fear that the tripartite agreement cannot be sustained in view of the numerous obstacles undermining trade in Africa. These obstacles include:

The conflicting membership: At present, every country in Africa is a member of at least one REC, and most belong to two or more. For example, the EAC is already a Common Market and has four of its members in COMESA and one in SADC. Five SADC Member States (Botswana, Lesotho, Namibia, Swaziland, and South Africa) are members of the Southern African Customs Union (SACU). These proliferating memberships in RECs have drawbacks as they impose high costs on governments in terms of time, energy and resources, forcing them to juggle between competing regulations.

Economic Diversification: The vast majority of Africa's economies lack globally competitive industries and services.

Conflict: Political tension, conflict and, violence also weaken the capacities of African states to engage in intra-regional trade. These factors lead to low levels of economic growth, destruction of trade-facilitating infrastructure, and intra-regional disintegration.

Infrastructure: Infrastructural deficiencies continue to hamper trade within and between African countries and raise transportation costs.

Border issues: Africa's notoriously bad customs environment poses yet another impediment to the success of its intra-regional trade. The exorbitant fees that customs offices charge are part of the problem.

Varying stages of economic integration among RECs: Regions that are characterised by different levels of trade and economic integration. For example, with its common external tariff arrangements, the EAC is already a Customs Union. Thus, while the EAC might be charging duties on some imports from outside the region both COMESA and SADC advocate free trade with outsiders.

Financial constraint: Currently, many of the countries in the RECs are financially weak and fall within the category of Least Developed Country, and therefore lack the capacity to undertake massive investments in infrastructure development under TFTA and CFTA.

Lack of political commitment: The reluctance to cede power to a supra-national body and the failure to implement commitments made at the REC level is also a frequent problem with some of the countries involved in inter-RECs negotiations.

Language barriers and currency: While English is the agreed-upon language across some RECs, French is used in others for the purposes of administration, public trade facilitation and private transactions. Furthermore, the fact that multiple currencies are currently being used in Africa is a problem for the progress of the FTAs.

Conclusion

In order to maximise the opportunities offered by FTAs and generate a sustainable CFTA, it is necessary to deal with the barriers outlined above. In any trading arrangement, there is always the possibility of disputes between trading partners. Unless a good dispute settlement mechanism exists, some disputes can threaten the continued operation of FTAs. Both TFTA and CFTA therefore need to provide an appropriate dispute settlement system for the resolution of any conflict that may arise in the course of achieving the FTA goals.

A thorough analysis of the situation should always precede the launching of a programme in order to determine its feasibility. Such an analysis should necessarily include an assessment of the resources available for the implementation, as well as the time frame over which to carry out the programme. Partners in the FTA should ensure that the negotiations result in a win-win situation for both Member States and the participating RECs. Otherwise unfair treatment relating to inequitable distribution of losses or gains will lead to disenfranchisement and unwillingness to cooperate. Compensation and budgetary support as a result of revenue loss occasioned by the inter-RECs' FTA agreements should be a one-off exercise, and time bound to avoid the creation of indolence and the over indulgence of states, which could breed inefficiency and uncompetitive trading regimes.

Trade agreements in an FTA should prescribe discriminatory interventions in investments and infrastructural development with the aim of supporting highly disadvantaged states and regions, in order to boost their confidence and guarantee fairness. A bottom-up rather than top-down approach should be adopted to ensure that all stakeholders, especially those at the grassroots, are involved in the planning and conceptualisation stage of the programme. This would also avoid the disruptive effects incurred by using ministers – whose frequent turnovers cause projects built around them to be abandoned or delayed – in programme implementation.



Adetunji Babatunde
Lecturer in the Department of
Economics, University of Ibadan,
Nigeria.



Gbadebo Odularu
Regional policy analyst at the
Forum for Agricultural Research
in Africa (FARA), Accra, Ghana.

GENDER

Supporting trade expansion and gender equality: Tackling gender-intensified constraints to trade

Kate Higgins

Women face gender-intensified constraints in trade. This article suggests how these constraints can be tackled through trade facilitation and logistics initiatives.

There is broad recognition that gender equality matters for economic development. Trade, a key component of economic development, should not be an exception. Much of the literature on gender equality and trade has focused on the gender impact of trade liberalisation policies, with hotly contested evidence about whether trade liberalisation has been good or bad for women. But with the lowering of traditional market access barriers such as tariffs, high trade transaction costs have become one of the most important obstacles that countries face in benefiting from globalisation. As a result, initiatives that reduce these kind of costs, focused on improvements in customs and border management, trade and transport infrastructure and logistics services, represent a rapidly expanding area of trade policy. There is limited research and policy advice, however, on the gender dimensions of trade facilitation and logistics.

Given the intrinsic importance of gender equality to development, and the expansion of trade facilitation and logistics interventions, how can these initiatives take gender issues into account?

What gender-intensified constraints do women face in trade?

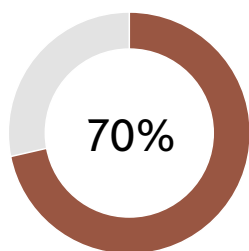
There is no doubt that, in many developing countries, both women and men face challenges when it comes to trade facilitation and logistics. But evidence suggests that women struggle with specific constraints.

For example, women traders are more susceptible to corruption, as well as verbal and sexual harassment, at border crossings than their male counterparts. They also tend to have lower levels of understanding about customs and border requirements and processes, including the opportunities that new technologies could offer. Women are likely to have less access to private forms of transportation than men, and therefore rely more heavily on public transportation to channel their goods to market. This means they are disproportionately affected by underdeveloped roads and transport infrastructure, and spend a larger share of their income on transportation. In addition, they face a higher incidence of robbery and physical assaults en route to market. In remote areas, small-scale female traders often lack easy and affordable access to efficient logistics services. Finally, women are more likely to engage in informal cross-border trade than men (see below Box 1). Much of their contribution to a country's international trade is 'invisible' to government officials and decision makers, who consequently neglect the role of women in the creation of mainstream trade policies and institutions.

How can gender-intensified constraints to trade be tackled?

How can gender-intensified constraints to trade be tackled through the design, implementation, monitoring and evaluation of trade facilitation and logistics initiatives?

Initiatives seeking to improve customs and border management should offer gender training to officials, staff should comprise a better gender balance, and investments should be made in cross-border infrastructure to better secure border crossing areas. If all of this is done, the levels of harassment that women face would be lowered. Moreover, public information campaigns about customs and border processes, as well as outreach to female traders and



Percentage of informal cross-border trade in southern Africa performed by women

women's organisations, may enhance the knowledge female traders have, and as a result, decrease corruption.

To reduce the constraints women face in relation to trade and transport infrastructure, initiatives that improve the regularity, reach and affordability of public transportation to markets and border crossings can help female traders get their goods to market. Improving safety, particularly on public transportation and at transport hubs, may also lessen the levels of violence and insecurity to which women are confronted when carrying their goods. When it comes to logistics services, supporting cooperation amongst female traders to pool their goods may mean that they can access these services at a lower price. Public information campaigns about the costs and requirements associated with logistics services can give female traders the information they need to negotiate fairer prices with intermediaries.

Box 1: Women and informal cross-border trade

Defining informal cross-border trade: Informal cross-border trade is generally defined as trade that is legal but unregulated. The unregulated nature of this trade means that it is mostly undocumented, unregistered, and unaccounted for in countries' official trade statistics and national accounts.

The scope of informal cross-border trade in sub-Saharan Africa: Surveys suggest that informal crossborder trade represents a significant proportion of regional cross-border trade in sub-Saharan Africa. For example, in Uganda, informal exports flowing to its five neighboring countries were estimated to account for USD 231.7 million in 2006, corresponding to around 86 percent of Uganda's official export flows to these countries.

The role that women play: Women play a key role in informal trade. For example, it is estimated that 70 percent of informal cross-border trade in southern Africa is by women. In West Africa, the contribution of women informal cross-border traders to national GDP amounts has been estimated at 64 percent of value added trade in Benin, 46 percent in Mali and 41 percent in Chad.

Products traded and ways of trading: A substantial proportion of informal cross-border trade in sub-Saharan Africa concerns staple food commodities (such as rice, maize, beans and cattle) and low quality consumer goods (such as shoes, clothes and electronic appliances). It is mainly conducted by individual traders and micro, small and medium-sized enterprises and often consists of small consignments.

Trade-related initiatives that integrate these ideas into their design and implementation are starting to emerge. For example, the Uganda Export Promotion Board and the International Trade Center have launched a project which seeks to increase exports by reducing the trade facilitation impediments that women informal cross border traders face. The World Bank has initiated a project in the Great Lakes region which aims to improve the conditions that female traders deal with when crossing borders, and also support an environment where female cross-border traders can become better informed and organised, and thus, benefit from the dynamics of greater scale.

Conclusion

Responding to the gender-intensified constraints that women face through trade facilitation and logistics initiatives might seem cumbersome and resource-intensive, but they are of paramount importance. Ignoring the very real gender inequalities that women deal with in their trade efforts can hamper a country's potential trade expansion. Critically, it can also limit the contribution of trade to tackling one of the most pressing challenges that developing countries face – entrenched gender inequalities.

This article is based on a guidance note written by Kate Higgins for the World Bank titled "The Gender Dimensions of Trade Facilitation and Logistics".



Kate Higgins

Theme Leader of the Governance for Equitable Growth program at The North-South Institute, an international development think-tank based in Ottawa, Canada.

Special meeting report

CRITICAL VOICES DROWN OUT OFFICIAL OUTCOME AT RIO+20

The lack of actionable outcomes from UNCSD was widely panned by the media and civil society. But some conference-goers say the future of sustainable development is not bleak.

Following months of informal negotiations amid lowered expectations, the UN Conference on Sustainable Development (UNCSD, or Rio+20) drew to a close on 22 June, with the common sentiment at the end of the event's high-level segment being one of a wasted chance. The result drew a critical response from many non-governmental organisations, which particularly stressed the opportunity costs associated with organising such a large and expensive meeting at a time when "multilateralism is in crisis," as some put it.

The meeting marked 20 years since the world gathered in Rio and agreed to an ambitious plan of action to tackle human impacts on the environment amidst development (Agenda 21). The 1992 meeting is also notable for opening the Convention on Biological Diversity (CBD) and UN Framework Convention on Climate Change (UNFCCC) for signature. But despite being billed as a "once-in-a-generation" opportunity, this year's meeting was far more humble in its outcomes.

The weakened language of the final outcome document - entitled "The Future We Want" - sparked the release of a counter statement from NGOs on why the text lays the groundwork for "The Future We *Don't* Want." In terms of specific missed opportunities, NGOs pointed to the lack of action on phasing out fossil fuel subsidies, controlling the high seas, improving women's reproductive health, and mitigating conflict and disasters.

NGOs had a strong presence in town, particularly at the People's Summit, which attempted to capture the voices not formally participating in the process at the official event. Competition between food, fuel, land, and biodiversity were recurring themes at the grassroots summit, where several civil society groups adopted the People's Sustainability Treaties - a global citizen's movement - as a way forward.

By the last day of the meeting, there was a strong sense of participants losing steam. Ultimately, heads of state and governments mainly read from prepared statements and did not reopen the outcome document, which was adopted in the form it was forwarded from the technical negotiations.

Trade concerns and the green economy

Trade issues played a significant role in shaping the Rio discussions. This was most notably seen in the framing of the green economy debate, which provoked a negative response from some developing countries. References to the green economy in the outcome document - originally pegged as one of the primary pillars of the Rio meeting - are qualified and rife with weak verbs, such as "encourage" and "acknowledge."

Many developed countries, particularly those in Europe, saw Rio as an ideal venue for helping to create the conditions for ushering in a low-carbon and resource-efficient global green economy. But much of the strong language had been dropped from earlier texts after several developing countries expressed their concerns that a green economy would effectively exclude them from trade opportunities by increasing the cost of manufacturing and transportation.

Specific references to trade had been reduced to two paragraphs, down from nine. The two paragraphs, which fall under the Means of Implementation section of the document,

spell out a message to WTO members to "redouble their efforts to achieve an ambitious, balanced and development-oriented conclusion to the Doha Development Agenda."

The issue of transferring environmentally sound technology and know-how to developing countries is also featured under the section on Means of Implementation. Countries agreed on the importance of supporting technology transfer and the need for appropriate enabling environments for innovation.

SDGs on track

The Rio outcome text contains language supporting the development of Sustainable Development Goals (SDGs) and clarifying the Means of Implementation, or, the ways in which outlined goals will be implemented (i.e., financing, technology transfer, capacity building, trade, and registry of commitments).

The SDGs are designed to make measurable progress toward achieving balanced sustainable socio-economic growth in tandem with sustainable sourcing of natural resources. They have been widely compared to the Millennium Development Goals (MDGs). It is thought that the SDGs will pick up where the MDGs will leave off in 2015 and address criticism that the original Goals fail to encompass the role of the environment, particularly climate change, in development.

While the text does not identify the specific targets that would make up the SDGs, several broad objectives - such as food security, renewable energy, livelihoods, employment, and women's empowerment - have been suggested by various forums. Some critics have argued that the SDGs pose a threat to the MDGs, with the thought that attention will be shifted away from the original Goals prematurely.

Other notable outcomes

A range of other issues are outlined in the 49-page document, with some more likely to produce a tangible outcome than others. Many observers have noted the language used at boosting the role of the United Nations Environment Programme (UNEP) in managing the world's environmental issues as promising.

The need to promote sustainable consumption and production was also featured in the document. Countries agreed to text that reaffirms commitments they have made in phasing out fossil fuel subsidies, but used purposefully weak language to ensure developing countries are not negatively impacted by sweeping measures.

In addition, the outcome text reaffirms a commitment to eliminate those fisheries subsidies that are responsible for illegal, unreported, and unregulated fishing and overcapacity, while calling for a conclusion of multilateral disciplines on fisheries subsidies in the WTO context.

Who will take the driver's seat?

Some observers were quick to suggest that if governments are unable or unwilling to take the lead on sustainable development, progressive businesses will have to take up the challenge. They argue that there are many diverse bottom-up approaches for sustainability - such as public-private partnerships and multi-stakeholder forums - that offer a more constructive path forward than playing the blame-game.

In a similar vein, Corporate Social Responsibility was debated at length in Rio, including at many well-staged events organised by the private sector.

Given this mixed framework on the road ahead, governments remain tasked with bringing action from the outcome document forward. Chief among these are the negotiations of the SDGs, which, among other items in the outcome document, have been pushed forward to the 68th UN General Assembly in October 2013. Numerous other actions are also pegged to be carried out at the national level according to domestic circumstances.

Andrew Aziz
Managing Editor, ICTSD
Periodicals and Editor, Bridges
Trade BioRes

George Riddell
Independent Consultant

Malena Sell
Senior Programme Officer,
Environment & Natural
Resources, ICTSD

Global news

Stay tuned with ongoing events related to African trade and development by consulting our daily updates on <http://ictsd.org/news/bridges-africa/>

US, african officials push for extension of AGOA textile provision

African and US government officials renewed calls on 13 June for the US Congress to quickly extend the Third-Country Fabric (TCF) provision that allows several African countries certain benefits in the area of textile trade. However, observers note, the prospects for extending the measure ahead of a 30 September expiration date are becoming increasingly slim as the US presidential election draws nearer.

While the textile provision enjoys broad bipartisan support in Congress, trade observers and officials alike note that the long legislative process and political dynamic involved could prevent the measure's renewal before the end-September deadline, especially with the US presidential election kicking into high gear.

At a separate meeting in May, US Trade Representative Ron Kirk mentioned that the swift passage of legislation extending the provision was necessary to ensure African Growth Opportunity Act's continued success, as well as the economic growth of sub-Saharan African countries.

African officials and US industry groups have similarly made a separate public call for the clause to be renewed arguing that TCF expiration could be devastating for both African apparel-producing countries and US businesses.

Read the full story at <http://ictsd.org/i/news/bridges-africa/136083/>

Eurozone struggles dominate G-20 agenda at Mexico summit

The ongoing difficulties posed by the eurozone crisis took centre stage during the annual gathering of G-20 leaders in Los Cabos, dominating discussions that also touched on rising protectionist measures and the importance of open trade for the economic recovery.

However, extended details of how Europe plans to resolve its debt difficulties were limited in the final G-20 declaration to pledges that Euro Area members would take "all necessary measures to safeguard the integrity and stability of the area," among other commitments.

Despite reaching consensus on the protectionism-related language, divides among G-20 members over rising trade barriers were evident at the high-level meet.

The communiqué of the G-20 leaders underscore several debated topics such as the Doha Development Agenda, the renewal of leaders' commitment to sustainable development particularly for Rio+20 Summit and the promotion of food security.

In the absence of movement in the multilateral trade negotiations, the focus on bilateral and regional deals was also apparent at the G-20 summit, with support for such pacts expressed by various leaders. The probable extension of the Trans-Pacific Partnership (TPP) to Canada and Mexico and the possibility of an EU-US bilateral deal were both raised during the meeting.

As in previous years, the eurozone-heavy focus of the high-level gathering drew criticism from some observers, who argued that developing country concerns - such as in the area of food security - were being left by the wayside, despite strong language from both the B-20 and civil society groups that had called for more concrete action in this area.

Read the full story at <http://ictsd.org/i/news/bridges-weekly/136202/>

New US-Africa strategy unveiled

On 14 June 2012, the White House announced the new US strategy toward Sub-Saharan Africa (SSA), which derives from a Presidential Policy Directive. It was released as US officials hosted a meeting on the US African Growth and Opportunity Act of 2000.

The US Strategy toward Sub-Saharan Africa constitutes the first document that clearly establishes the official strategy of the United States toward Sub-Saharan African countries.

Four pillars constitute the new plan: 1) strengthen democratic institutions in SSA countries, 2) spur economic growth trade and investment, 3) advance peace and security and, 4) promote opportunity and development.

Read the full story at <http://ictsd.org/i/news/bridges-africa/136751/>

US – African trade and investment framework expanded

Last week, US and South African representatives signed a Trade and Investment Framework Agreement (TIFA), which "amends the TIFA signed in 1999...[and] deepen[s] the U.S.-South Africa trade and investment relationship".

Co-signatories, US Trade Representative Ron Kirk and South Africa Trade Minister Rob Davies, presented the development as an opportunity to provide a forum to further address trade issues, helping to enhance the overall trade and investment relations between the two countries.

Following the signing, Demetrios Marantis, Deputy United States Trade Representative, and Minister Davies co-chaired the first TIFA Council meeting, which examined the work achieved so far between the two countries.

Building on the foundations of TIFA and AGOA, the US Trade Representative and the East African Community member states - including Kenya, Tanzania, Uganda, Rwanda and Burundi - signed an agreement to pursue new trade and investment partnership. Under this new partnership, the governments will work to reduce trade barriers, improve the business environment, encourage investment regimes, and enhance two-way trade.

Read the full story at <http://ictsd.org/i/news/bridges-africa/136748/>

EU MEPs voted for a two-year extension for ACP countries to ratify their EPAs

On 21 June 2012, the trade committee of the European Parliament voted to extend a two-year extension period for ACP states to ratify and finalise their EPAs before losing their preferential access to the EU market that they have been enjoying since 2007.

Eight ACP countries are concerned by this regulation: Botswana, Namibia, Cameroon, Ivory Coast, Ghana, Fiji, Kenya and Swaziland. Another nine ACP countries will continue to benefit from the EU's Everything But Arms (EBA) duty-free, quota-free scheme for the least-developed countries and will therefore not be affected by the new arrangement.

The draft legislative resolution was passed by 25 votes to 2, with 2 abstentions

Read the full story at <http://ictsd.org/i/news/bridges-africa/136923/>

Rwanda losing patience over neighbour's slow removal of trade barriers

Rwanda has threatened to take it's neighbours to court over the continued existence of non-tariff barriers (NTB) in the East African Community (EAC). It also called-upon the EAC to introduce incremental and legally binding commitments to eliminate NTBs, along with penalties for those countries failing to comply.

In principal, the East African Community has already agreed to eliminate NTBs under the Protocol, which was signed in July 2010. The problem is with the pace of this elimination, particularly within the landlocked countries of Uganda, Rwanda and Burundi. These countries incur the greatest costs thanks to their distance from the major ports of Mombasa and Dar es Salaam.

Read the full story at <http://ictsd.org/i/news/bridges-africa/135103/>

Publications and resources



Realising the Potential of the UNFCCC Technology Mechanism – ICTSD – May 2012

This publication brings together a series of think pieces that address the potentials and challenges of using the UN Framework Convention on Climate Change (UNFCCC) Technology Mechanism (TM) to improve technology development and transfer for climate mitigation and adaptation.

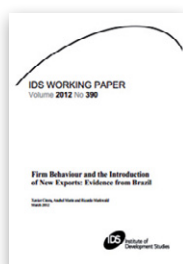
For full report see: <http://ictsd.org/i/publications/133973/>



Food Security and Climate Change Initiative: Agriculture and Climate Change: Post-Durban issues for negotiators – IISD – May 2012

This paper examines the implications of the Durban Outcomes, and reviews party submissions on agriculture to the secretariat for consideration by SBSTA. It concludes by presenting critical issues that will need to be considered by negotiators in shaping a post-Durban programme of work on agriculture

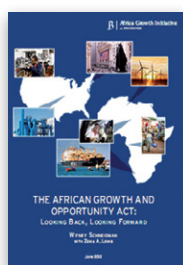
For full report see: <http://www.iisd.org/publications/pub.aspx?id=1604>



Firm Behaviour and the Introduction of New Exports: Evidence from Brazil

This paper contributes to understanding the process of export diversification by analysing firm level determinants in Brazil during the period 2000–2009. The findings suggest that firms prepare for diversification by first gaining power in the domestic market and more importantly that they do so by adopting specific innovation and learning efforts.

For full report see: <http://www.ntd.co.uk/idsbookshop/details.asp?id=1277>



The African Growth and Opportunity Act: Looking Back, Looking Forward – The Brookings Institution – June 2012

This report examines the impact of the African Growth and Opportunity Act during the past 12 years. The report argues that AGOA continues to be the cornerstone of the U.S.-African commercial relationship and should be extended for 10 years beyond its scheduled expiration in 2015.

For full report see: <http://bit.ly/LzRxxH>



Trade and Environment Briefing Notes - ICTSD, UNEP and ITC - June 2012

Jointly published by the International Centre for Trade and Sustainable Development (ICTSD), UN Environment Programme (UNEP), and International Trade Centre (ITC), this series of briefing notes aims to inform governments, businesses, and non-governmental organisations involved in the Rio+20 Conference on the important trade issues embedded in the transition to the green economy. They cover the following topics: trade and the green economy; export restrictions; sustainable agriculture; sustainable fisheries; environmental goods; environmental services; sustainability standards for consumer goods; product carbon footprinting; and international transport.

For the briefing notes see: <http://ictsd.org/i/publications/136049/>



The Way Forward: Inclusive Green Growth Policies Tailored to Real World Challenges - World Bank - May 2012

This report lays out the challenges, potential, and strategies of greening growth. It argues that greening growth is necessary, efficient and affordable. Obstacles to green growth are political inertia, behavioural inertia, and a lack of financing instruments, rather than economic cost of green policies. The report offers strategies for inclusive green growth and asserts that all countries, rich and poor, have opportunities to make their growth greener and more inclusive without slowing it.

For full report see: <http://bit.ly/M34kWw>



Global Outlook on Sustainable Consumption and Production Policies - UNEP - June 2012

This publication offers a stocktaking of sustainable consumption and production (SCP) policies. It analyses 56 case studies ranging from global multilateral agreements and regional strategies to specific policies and initiatives being implemented by governments, businesses, and civil society organisations. Its main objective is to provide information about existing activities promoting SCP, to identify best practices, and to provide recommendations to adapt, replicate, and scale-up SCP policies going forward.

For full publication see: <http://bit.ly/M2vomL>



Free Trade Agreements: Impact on US Trade and implications for US trade policy- Congressional Research Service - June 2012

This paper, prepared for the United States Congress, examines recent developments in US trade policy and the role of free trade agreements (FTAs) in US foreign policy. The paper provides an overview of the history of FTAs in the US, followed by an analysis of the economic impact of FTAs and their implications for international relations and US national interests.

For full paper see: <http://www.fas.org/sgp/crs/row/RL31356.pdf>

EXPLORE THE TRADE AND SUSTAINABLE DEVELOPMENT
WORLD FURTHER WITH ICTSD'S BRIDGES NETWORK

BRIDGES

Trade news from a sustainable development perspective
International focus - English language
www.ictsd.org/news/bridges

BIORES

Analysis and news on trade and environment
International focus - English language
www.ictsd.org/news/biores

BRIDGES AFRICA

Analysis and news on trade and sustainable development
Africa focus - English language
www.ictsd.org/news/bridges-africa

PUENTES

Analysis and news on trade and sustainable development
Latin America and Caribbean focus - Spanish language
www.ictsd.org/news/puentes

МОСТЫ

Analysis and news on trade and sustainable development
CSI focus - Russian language
www.ictsd.org/news/bridgesrussian

PONTES

Analysis and news on trade and sustainable development
International focus - Portuguese language
www.ictsd.org/news/pontes

桥

Analysis and news on trade and sustainable development
International focus - Chinese language
www.ictsd.org/news/qiao

PASSERELLES

Analysis and news on trade and sustainable development
Francophone Africa focus - French language
www.ictsd.org/news/passerelles



International Centre for Trade and Sustainable Development

Chemin de Balexert 7-9
1219 Geneva, Switzerland
+41-22-917-8492
www.ictsd.org

BRIDGES AFRICA is made possible through
generous contributions of donors and
partners including

UK Department for International Development (DFID)

Swedish International Development Cooperation Agency (SIDA)

Netherlands Directorate-General of Development Cooperation (DGIS)

Ministry of Foreign Affairs of Denmark, Danida

Ministry for Foreign Affairs of Finland

Ministry of Foreign Affairs of Norway

Australia's AusAID

Oxfam Novib

BRIDGES AFRICA also benefits from in-kind
contributions from its contributing partners
and Editorial Advisory Board members.

BRIDGES AFRICA accepts paid advertising
and sponsorships to help offset expenses and
extend access to readers globally. Acceptance
is at the discretion of editors.

The opinions expressed in the signed
contributions to BRIDGES AFRICA are those
of the authors and do not necessarily reflect
the views of ICTSD.

Material from BRIDGES AFRICA can be used
in other publications with full academic
citation.

Price: €10.00
ISSN 1996-919

