

BRIDGES NETWORK

# BRIDGES AFRICA

Trade and Sustainable Development News and Analysis on Africa

VOLUME 2, ISSUE 2 – MAY 2013



## How can LDCs harness trade for structural transformation?

### STRUCTURAL TRANSFORMATION

Building a sustainable trading future for LDCs

### SECURITY

Strategies for improving access to food in Africa

### GENDER

Unsung heroes with untapped potential



International Centre for Trade  
and Sustainable Development

# BRIDGES AFRICA

VOLUME 2, ISSUE 2 – MAY 2013

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and Analysis on Africa

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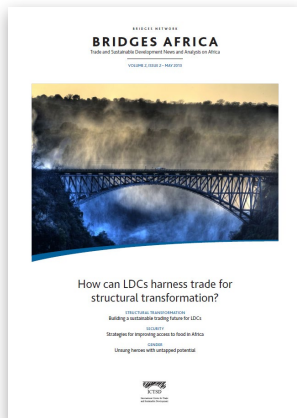
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## Structural transformation: an enduring challenge.



*Since the 1970's, the United Nations has identified Least Developed Countries (LDCs) as states which, for reasons of very low income, poor human development, and high economic vulnerability, face more structural handicaps than other countries in rising out of poverty. The increased focus on LDCs challenges, however, has not been matched by solutions. In the three decades since the first UNLDC conference in 1981, the number of LDCs has almost doubled from 25 to 48. Only three countries have graduated from LDC status: Botswana, Cap Verde and the Maldives.*

*Despite substantial progress in recent years as compared to the 1990's, with more growth and exports and fewer macroeconomic imbalances, LDCs remain home to more than 800 million people, and represent the poorest and weakest segment of the international community.*

*One of the primary goals of the LDCs is to be able to rely on a broad base for economic stability and self-sufficiency, so that populations can emerge from poverty.*

*Trade can contribute to economic growth, development and poverty alleviation in a prominent way. For LDCs in particular, trade expands markets, helps achieve economies of scale and facilitates transfer of technology, skills, and investments.*

*Gains from trade, however, do not come automatically! There is a need to harness trade's potential for it to serve as a powerful tool development and structural transformation in LDCs. For trade to support structural transformation, an appropriate international enabling framework must be in place to provide a level playing field and enable LDCs to overcome their structural handicaps.*

*In order to answer the question: "What is the role of trade and trade policy in promoting structural development in LDCs?", Bridges Africa will feature every month until the end of the year a series of insightful analyses from various experts in a section titled: "LDC structural transformation". We hope you will enjoy reading this new column!*

*As usual, a range of other trade and development related issues in Africa will be covered.*

*Bridges Africa is 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](mailto:kguddoy@ictsd.ch)*

*Read also our Francophone magazine on African trade and development issues: [Passerelles](#)*

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## GLOBAL VALUE CHAINS

# Towards an alternative narrative for the multilateral trading system

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Faizel Ismail

*This paper is critical of the concept of a self-regulating free market advocated by the recent research on GVCs and the attempt to use this narrative to make the case of trade liberalisation. It argues that an alternative narrative to rebuild the multilateral trading system should be built on the principles of fair trade, capacity building, balanced rules and good governance.*

The Global Value Chains (GVC) approach currently drives the mainstream view on globalisation and trade policy. According to this perspective, GVCs have created greater global integration and interdependence as Transnational Corporations (TNC) have increasingly located their production across various countries and goods are "made in the world" rather than in a single country. Countries looking to increase their gains from trade are advised to reduce and remove all barriers to the free flow of goods and services and grow and develop by participating in GVCs.

The recent attempts by some policy makers to use the GVC concept to make a case for increased trade liberalisation is deeply flawed for three reasons. Firstly, it attempts to bring back the notion of a self-regulating market that is disembedded from society and divorced from the asymmetries in economic power. Secondly, it attempts to revive the Washington Consensus. Third, it does not provide a framework for helping developing countries to expand beyond their current comparative advantages.

## The mainstream view

The utopian logic of the self-regulating market neglects the fact that economic processes and the market are embedded in social processes. Consequently, many of the proponents of the GVC approach almost totally cut their analysis of globalisation from the experiences of the majority of the people in the world suffering the effects of a continuing economic and social crisis.

The GVC approach continues to place the emphasis on static efficiency gains, lowering transaction costs and providing a friendly business environment for attracting TNCs as the goals of trade policy.

Much of this policy narrative does not appear to be based on a careful empirical assessment of the links between GVCs and development. There is an implicit and often explicit assumption that more trade inevitably leads to development and that trade linked to GVCs has the added advantage of bringing spillovers of one kind or another from hosting those TNCs that organise such chains.

However, over a decade ago UNCTAD already warned that participating in GVCs could involve "trading more but earning less." There was, moreover, little systematic evidence to suggest that technological and other spillovers were automatic inside these chains. Recently, Robert Wade (2012) argued that in a world where technological change is the norm, parts of many industries in many economies will be infants at different times even in the most advanced economies, making the case for strategic trade and industrial policies all the more important. What is required is an integrated approach to macroeconomic, trade and industrial policy in support of productive investment and economic diversification. A paper published in 2010 by ICTSD also observes that there is a new wave of industrial policy both with the US and the EU actively seeking to design government-led industrial strategy.

**Definition:**

Goods and services are frequently produced in production networks spreading across various countries, according to each firm's comparative advantage. This new way of organizing production and trade, resulting in global value chains, is often referred to as "trade in tasks" and was identified by the G-20 Trade ministerial conference in April 2012 as an important component of today's world economy. (WTO-OECD)

**Systemic challenges have increased**

The major US multinationals in finance, logistics and telecoms sectors are now the main proponents of aggressive liberalisation albeit they appear to have given up on the multilateral route and are now the driving force of the plurilateral and single issue approach as an alternative to the slower multilateral and more inclusive approach. However, the inequities of the current trading regime remain a stark reminder of the ills of the past. LDCs remain discriminated and locked out of the major developed country markets. Developed country subsidies and high tariffs in agriculture still distort world trade. The case of the African Cotton Four has become a litmus test for the legitimacy of the trading system. Meanwhile, new systemic challenges confront the world trading system. The distortionary impact of unregulated finance on the trading system through, for example, exchange rate movements which dwarf changes in tariff regimes, are yet to be seriously addressed at the multilateral level. The need to develop alternative energy sources and the increasing use of measures such as border taxes to reduce carbon use will create a demand for new trade rules. High food prices have raised the specter of food shortages and a demand for new rules on export taxes and export bans of food. The proliferation of Free Trade Agreements is creating an increasingly fragmented global trading system. These and other issues demand the need for increased global cooperation.

**An alternative approach of trade, development and multilateralism**

The GVC approach attempts to bring back a narrative of trade and the virtues of trade liberalisation that was constructed to advance the interests of the US and EU. The challenge will be to construct an alternative narrative of trade and the multilateral trading system – one that speaks to challenges currently faced by millions of people in the world today – unemployment, poverty and inequality.

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*Liberalising trade therefore does not have the automatic effect of creating new opportunities for all...*

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Where should such an alternative analysis begin? We need to recognise that markets are not self-regulating, or a disembedded sector from society. Each national economy is different. Liberalising trade therefore does not have the automatic effect of creating new opportunities for all by creating new efficiencies by reallocating resources from one sector to another. The WTO should make development the overarching objective of WTO rules and obligations. Drawing on the work of Amartya Sen (1999) who defines development as the process of expanding human freedoms, there are four Dimensions of Development that should become the principles that guide the WTO mandate:

- *Fair trade:* To provide developing countries with economic opportunities to export in global markets, we have to create a level playing field. In Agriculture, we have to remove the distortions caused by subsidies in developed countries that prevent and undermine developing countries from pursuing their comparative advantage. In a recent seminar, Joseph Stiglitz argued for the introduction of the concept of a Right to Trade.
- *Capacity building:* Poor countries can do little to take advantage of market access opportunities if they do not have the capacity to produce and export. Thus Sen has argued that poverty should be understood as a deprivation of basic capabilities. The Hong Kong Ministerial Declaration recognised the importance of Aid for Trade and called on the Director General of the WTO to a) create a Task Force that "shall provide recommendations on how to operationalise Aid for Trade and b) to consult with members as well as the IMF and World Bank and other relevant international organisations "with a view to reporting (...) on appropriate mechanisms to secure additional financial resources". This Task Force submitted its recommendations to the General Council at the end of July 2006. However, a great deal still remains to be done to implement the recommendations, to provide additional aid for trade, to ensure the existing aid is effective, and there is ownership for partner countries. An Aid for Trade facility that monitors and evaluates the effectiveness of Aid for Trade should be located in UNCTAD.



- *Balanced Rules:* While strengthening a rules based system for all to benefit, the global trading system should provide sufficient flexibilities to prevent developing countries from bearing the cost of these rules. Whilst Sen argues for government regulation to enable markets to work more effectively, he states that a system of ethics, based on social justice is required to build vision and trust for the successful use of the market mechanism. It is even more important to recognise differences that exist in the social, economic and political relations and institutions of countries. Rule making should not seek to average out and impose external standards but recognise differences, applying these rules with flexibility and retaining policy space for development.
- *Good governance:* The participation of developing countries in the negotiating process is crucial to ensure that they are engaged in negotiating new rules in a fair and democratic manner. In the early years of the GATT, the participation of developing countries was merely procedural and the substantive decisions were taken by the major developed countries. This has changed in the Doha Round as developing countries have become more organised. However, some major players not accustomed to genuine participation by all are attempting to return to the old practices of negotiating only amongst some and hoping to then impose this on the rest – this is the so-called plurilateral approach used in the Tokyo Round. Other observers frustrated at the need to address the complexity of negotiations in a multilateral setting based on consensus have argued for a short circuiting of democracy through the variable geometry approach where a small group of major players first shape the deal. As spelled out above, participation is however essential for development.

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*The only basis for a revival of support for multilateral trade will be one that recognises trade as a tool to advance the social and economic objectives of societies*

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### Conclusion

In sum, the current mantra of the GVCs approach and its underlying conception of a global market free of social, political and economic constraints to advance the interests of specific mercantilist interests is not an appropriate reflection of the current reality. The only basis for a revival of support for multilateral trade will be one that recognises trade as a tool to advance the social and economic objectives of societies; one that recognises the differences and diversity of the countries' needs and interests and builds rules of cooperation that do not impede or undermine the policy space required to build economies in both the South and North. A trading system that is perceived as being inequitable and undermines the development interests of the poorest members will not gain legitimacy. A new narrative on how to re-build the multilateral trading system on a more sustainable basis can only succeed if it is based on the principles of fair trade, capacity building, balanced rules and good governance.

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## LDCS STRUCTURAL TRANSFORMATION SERIES

# Trade as a compass for LDC structural transformation

Vinaye Ancharaz and Anne-Katrin Pfister

*Given the current lethargy in multilateral negotiations, LDCs should focus more on what they can do themselves to raise their profile in world trade rather than rely on wishful developments.*

Least Developed Countries (LDCs), which currently number 49, are the weakest segment in the international community. They typically have very concentrated economic structures; rely heavily on primary production for income and jobs; and face daunting challenges to integrate global markets. LDCs exports remain small in relative terms – both because their comparative advantages are confined to a narrow set of products, and because their exports are subject to numerous supply-side constraints. Moreover, LDCs export to just a few countries, and are consequently vulnerable to external shocks.

While a number of LDCs have performed well recently by carrying on with business as usual – that is, by exploiting their traditional exports buoyed by rather exceptional conditions – this strategy may not be sustainable over the long term. As such, there is an urgent need for structural transformation in these economies. Structural transformation can be defined as a process of structural change and economic diversification through which an economy shifts from low-productivity, low-value-added activities and sectors (such as traditional agriculture) to higher-productivity sectors (such as manufacturing and services).

## Why structural transformation?

There is strong evidence that a well-diversified economy is resilient to external shocks and creates enhanced opportunities for inclusive growth through better jobs. For example, Mauritius and Tanzania – two of Africa's most diversified economies – effectively weathered the financial crisis of 2008 and their economies bounced back faster after the crisis. Moreover, there is a growing body of evidence that links export diversification to economic growth. The seminal work of Hausmann, Hwang and Rodrik (2005) suggests that more prosperous countries tend indeed to be more diversified than other countries. It is also clear that countries that produce and export more sophisticated products tend to grow faster.

## Some trends in LDC trade

*Increasing exports but stagnating share in world trade*

LDCs exports increased 5-fold between 2000 and 2011, causing their share of world merchandise exports to almost double from 0.6 percent to 1.12 percent (figure 1). In absolute terms, however, this performance remains dismal; and the fact that an increase in exports of such magnitude caused such a small increase in the global share means that LDCs have fared worse than other developing countries.

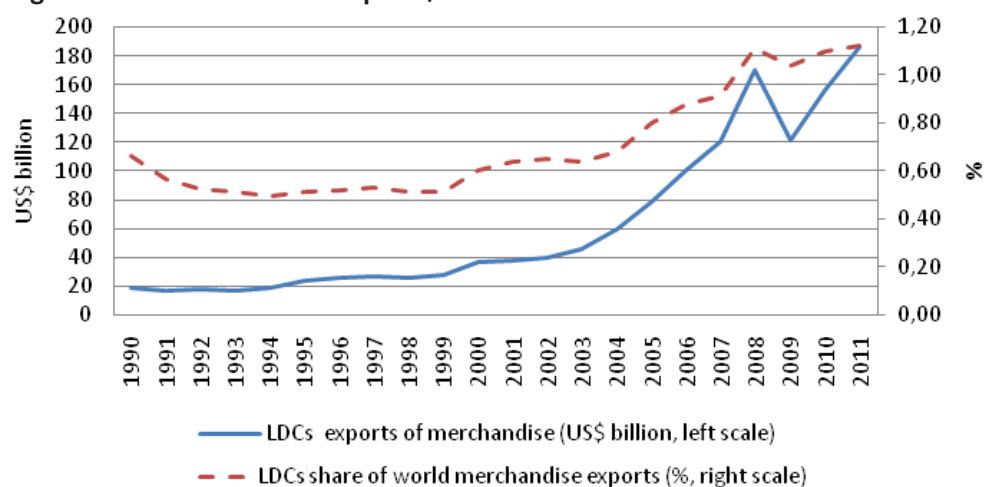


In services, LDCs are not just insignificant players; their share has actually declined progressively over the years – from a peak of about 22 percent of LDCs total exports to 12 percent in 2011. What is more, LDCs have failed to take advantage of the booming global services market, estimated to be worth US\$4.2 trillion in 2011.

#### Istanbul Program of Action recommendations:

- 1 LDCs should mainstream-trade into their national development strategies, as well as improve competitiveness and diversify their production base and exports. They should facilitate trade through better institutional processes.
- 2 Development Partners should support LDCs through Aid for Trade and technical assistance in order to engage more effectively in trade negotiations and by implementing obligations in the areas of SPS and TBT.
- 3 Joint measures should focus on addressing supply side constraints and trade-distorting measures as well as providing enhanced trade preferences.

**Figure 1: LDCs merchandise exports, values and shares**



#### *Increasing concentration of exports...*

Beyond aggregates, LDCs merchandise exports are dominated by mineral fuels making up 55 percent of LDC exports in 2011 – over twice the share (25 percent) two decades earlier. Thus, while LDCs have managed to increase their exports significantly over the past decade, they have failed to broaden their export base.

Resource-rich African LDCs have simply ridden the wave of increased demand for the raw materials and commodities they export, benefiting from improved terms of trade. Indeed, much of the increase in LDC exports in recent years is attributable to rising prices rather than to higher export volumes. These developments have aggravated Sub-Saharan Africa's structural deficit and have caused the share of manufacturing in GDP – a simple but useful indicator of the scale of industrialisation – to shrink from about 18 percent in 1990 to 12 percent in 2011. For African LDCs, this share is even lower, and has shown no progress either.

Export diversification is more than just exporting bigger volumes of manufactures. For a country specialised in manufactures (e.g. Bangladesh), diversification should entail a broadening of the export base beyond the products it currently exports. Inevitably, this means that the country produces new products or improved varieties of existing products. For LDCs whose exports are concentrated in oil or raw materials, or a specific agricultural product, diversification will probably mean producing and exporting manufactures. In all cases, export diversification can also manifest itself through expanding shares of services in a country's total exports.

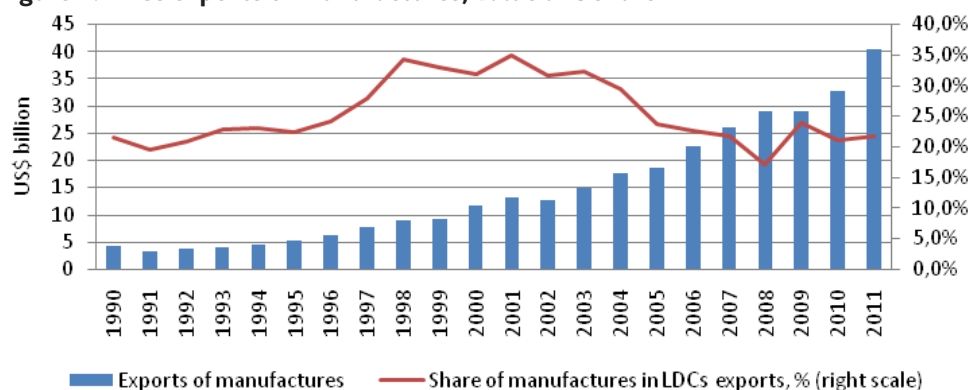
Even using the narrow definition of diversification – that is, changes in the share of manufactures in merchandise exports – it is evident that LDCs as a group failed to achieve export diversification on a lasting basis since 2000. LDCs share of manufactures in merchandise exports has declined from 35 percent in 2001 to 22 percent in 2011 (figure 2). However, this aggregate trend masks significant achievements in export diversification in several LDCs. Bangladesh, for example, progressively increased its share of manufactures in exports from an already-high level of 80 percent in 1990 to 94 percent in 2011 (Admittedly, much of this was due to further specialization in clothing production). In Cambodia, much of the success was achieved in the 1990; in the past decade, the country has struggled to maintain its share of manufactures around 90 percent. Outside of Asia, Haiti stands out as a success story in diversification into manufactures. Its share of manufactures in merchandise exports increased from about 67 percent in 1995 to over 90 percent in 2011.

Unfortunately, no African LDC can boast a similar performance. Madagascar, one of the largest manufactures exporters in sub-Saharan Africa, saw its share of manufacturing in exports eroded by various episodes of political crisis in



recent years. After reaching a peak of around 58 percent in 2007, this share has plummeted to 37 percent in 2011. In Lesotho's case, it witnessed, witnessed a reversal of industrialisation in the run-up to the end of apparel quotas in January 2005: its share of manufactures plunged from 99 percent in 2003 to 47 percent in 2011.

**Figure 2: LDCs exports of manufactures, value and share**



#### *But more export markets*

Product diversification is one side of the bigger diversification story; the other side is market diversification. The current economic crisis has highlighted the importance of entertaining a broad range of export partners. A recent study shows that African countries that export primarily to the EU and the US, or both, are more vulnerable to economic shocks than those exporting to a larger set of countries, including developing economies. If this was true of LDCs generally, then there is good news: LDCs have significantly reduced their reliance on traditional markets since 2000.

LDCs merchandise exports to non-OECD countries have increased twice as fast as to OECD countries, driven mainly, but not exclusively, by emerging economies like the BRICS. Developing countries' share of LDCs exports rose from 31 percent in 2000 to a peak of 55 percent in 2010 before falling off to 49 percent in 2011. However, an unwelcome by-product of this trend is that it is accentuating concentration of LDCs exports into low value-added, unprocessed goods. This is because oil and raw materials make up a significantly bigger share of LDCs exports to emerging economies than to traditional partners. Mineral fuels and crude materials represented 77 percent of LDCs exports to non-OECD countries in 2011, compared to 51 percent for OECD countries. Thus, while South-South trade is welcome as a means for LDCs to diversify their export markets, it may actually have the opposite effect on export products.

#### **Conclusion**

On the whole, structural transformation has lagged behind economic growth in the majority of LDCs and, in the absence of drastic measures – including several of the actions identified by the Istanbul Programme of Action (IPoA) for LDCs – these LDCs, even if they manage to graduate out of LDC status, will remain extremely vulnerable and fragile economies for the foreseeable future.

However, given the uncertainty surrounding the Doha Round and the lack of progress on the “LDC package” – a set of LDC-specific issues (including duty-free, quota-free market access, rules of origin, LDC services waiver, and cotton subsidies) that were slated for an early harvest at the WTO Ministerial Conference in December 2011 – LDCs should not pin their hopes for economic growth and structural transformation on preferences that may not come soon. They can do much to help themselves. LDC governments should continue with policy reforms; improve their absorptive capacity through appropriate human resource and institutional development; address a range of supply-side constraints and provide the right incentives, through judicious use of industrial policy instruments, to steer the economy in the direction of higher value-added industrial diversification.



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## COMMON EXTERNAL TARIFF

# Who is more protective of food security: The WAEMU or ECOWAS?

Didier Tibi Zoungana

*The assessment of the agricultural policies of ECOWAS and WAEMU reopens the debate over the need to redefine a common external tariff that is more protectionist.*

West Africa is currently faced with huge economic, social and political challenges, including issues relating to food security, which feature prominently. These issues are becoming more and more pressing given the rate of population growth in the region and their food requirements.

Although agricultural households represented 83 percent of the population in 1960, they only represented 50 percent in 2010. This downward trend is likely to continue due, on the one hand, to the increasing rural-urban migration and, on the other hand, to the purchase of large areas of farmland by national and foreign private developers. If this trend continues, it will further worsen food insecurity in West Africa as well as the vulnerability of the 33 million people - around 12 percent of the population - who were already suffering from chronic malnutrition during the 2006 - 2008 period. Population growth, which is set to reach 420 million in 2020, could also widen West Africa's food deficit and deteriorate its nutritional status, at a time when it depends most on other regions for food security.

## Need to implement common agricultural policies

In anticipation of a dire food situation, agricultural policies have been put in place in order to bring about sustainable changes. These are both ECOWAS and WAEMU's agricultural policies, which are geared towards creating food security, increasing agricultural productivity for sustainable methods and improving the lives of producers, to name a few. However, there is a key difference between the two policies. WAEMU's agricultural policy was implemented from 2002 onwards, after the implementation of the Common External Tariff (CET) and the launch of the customs union in 2000. WAEMU's CET is divided into four tariff bands, the highest of which is 20 percent. ECOWAS established in January 2006 the ECOWAS-CET which draws on the basic WAEMU CET composed of four tariff bands. In the same summit in Niamey, the Heads of States adopted the creation of a joint UEMOA-ECOWAS committee to manage the implementation of the ECOWAS CET. A two-year transition period was given to the Committee to finalize the ECOWAS CET. However, a number of concerns arose which made it difficult to achieve this by the 1st of January 2008. Nevertheless, significant progress towards the final implementation of the ECOWAS CET has been achieved. ECOWAS' CET will only be implemented as of the 1st of January 2014, if the agreed schedule is followed.

**Table 1. ECOWAS-CET draws on the basic UEMOA-CET composed of four tariff bands namely:**

Categories	Percentage of Duties	Goods Description
0	0%	Essential social goods.
1	5%	Goods of primary necessity, raw materials and specific inputs.
2	10%	Intermediate goods.
3	20%	Final Consumption goods.

Source: ECOWAS

# 5,899

Number of tariff lines are covered under the new ECOWAS tariff regime with tariff ranging between zero and 35 per cent for the 130 tariff lines that fall into the category of specific goods that contribute to the promotion of the regions economic development.

Over 44.4 million people in West Africa live in extreme poverty and thus suffer from food insecurity despite the existence of policies designed to address this scourge. A rethink of trading policy along the lines of regional integration is incumbent for the elaboration of good common agricultural policies.

### Trade policy, west-African agriculture and food Security

The policies that are implemented are supposed to help reach food security and food sovereignty, in theory. However, the fact is that the population still continues to suffer the effects of famine, especially in rural areas. Total food production in the region has always been less than the consumption needs. This gap could be explained by organisation and support problems as well as by the lack of coherence in the agricultural sectors. Another major obstacle is linked to trade policy, especially the gap between the rates applied and the bound rates at the WTO. Most of the West-African countries have very high bound rates which relate to average customs duties, that they promise not to exceed, and are signalled to the WTO. Some countries notified relatively high rates of approximately 98 percent. Even though a high bound rate in the WTO theoretically allows countries to apply a relatively high tariff when it is necessary in order to protect certain sectors, WAEMU countries have chosen to use very low applied tariffs. This situation may make the area highly permeable - that is to say open to food product imports that are sold cheaply on the markets due to the absence of or low rates on customs rights. By adopting a CET of 20 percent, WAEMU selected to promote food security by importing low-cost products. This political and economic option only partially solves the issue of food security. It creates other, more important issues, as it does not help protect agriculture in the region.



When it comes to rice, Burkina Faso invested large sums in order to develop vast paddy fields. Despite these efforts, the country and other members of WAEMU still import large quantities of rice at very low prices. Indeed, rice importers benefit, among other things, from the weakening dollar and the fact the import duties set by the CET in 2000 are still quite low - 10 percent compared to Nigeria's customs duties of 110 percent. Faced with a situation that does not encourage the development of the rice sectors, producers have no other choice than to abandon the paddy fields or convert to market gardening. This is the case in Mali, a country that, was able to provide enough rice to its population only a few years ago. However, this situation reversed as Asian rice flooded shops in Mali, thus stifling local production. Nevertheless, with a floor price guaranteed between 120 FCFA and 150 FCFA per kilo of paddy rice, production could boom and countries like Mali and Burkina Faso would be able to export their produce to Nigeria, the world's biggest importer of rice.

When it comes to milk, the country has a very high production potential, especially in Sahelian countries. Although livestock farmers represent approximately 10 percent of the population, almost all the milk consumed in that region is imported from Europe. This is due to the higher cost of local milk (300F/l) compared to imported milk (200F/l). The competitive advantage of European milk comes from the European subsidies that range from 30 percent to 40 percent, on the one hand, and the low level of protection for this sector with customs duties of only 5 percent on the other hand. This is also the case for wheat, which is subject to a 5 percent tax and subsidised. It has flooded WAEMU countries at the expense of local products like maize, millet and sorghum that producers can no longer sell for a profitable price.

#### **Key issues for redefining the CET to support ECOWAP**

The WAEMU lacks protection, meaning that the key issue for redefining the CET is its integration with ECOWAP. In 2008, ECOWAS' CET was adopted with a fifth band of 35 percent due to the low levels of protection in the WAEMU. This fifth band was created after extended negotiations between countries and stakeholders that supported a higher level of protection than WAEMU. Nigeria and the network of Peasant organizations and Producers in West Africa (ROPPA) were at the forefront of the debate for a higher CET. Even if applying the CET band of 35 percent could cause legal issues in some countries with lower rates bound in the WTO, the tariffs could still be renegotiated. However, by basing the analysis on products like rice and milk, one can see that ECOWAS' CET sets out rates of 10 percent and 20 percent respectively. The level of protection for rice has not changed, compared to the situation for WAEMU. These rates are still much lower than those in areas such as East Africa, which taxes milk at over 60 percent, and the European Union where staple foods (grains, dairy and meat products, sugar) are taxed at over 50 percent.

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*ECOWAS will need to establish a trade policy that can protect vulnerable sectors by raising the rate for these products to 35 percent.*

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#### **Conclusion**

By confirming its CET in March 2013, ECOWAS has agreed to extend the protection on some products such as milk. However, staple grains are poorly protected even though heavy investments have been made to develop regional production in this area. In order to lower the risk of food crises like that of 2007-2008, ECOWAS will need to establish a trade policy that can protect vulnerable sectors by raising the rate for these products to 35 percent. The region must also rapidly ensure the effectiveness of its regional food security stock to lower its dependency on foreign countries, especially in an environment marked by climate changes that are a limiting factor for agricultural production. However, since the CET level is unlikely to be raised at this point in time, ECOWAS should implement effective, operational safeguard measures, even anticipating the results expected from the Doha round concerning special safeguard mechanisms for agricultural products.

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## GENDER

# How to help women cross-border traders in Africa?

Alissa Ghils

*Gender and aid for trade initiatives should focus on the facilitation of informal women traders and promote the formalisation of their activities.*

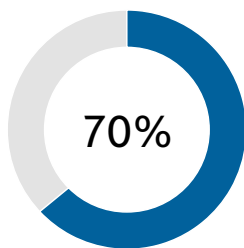
Informal cross-border trade in Sub-Saharan Africa is characterised by a large share of female traders at around 70 percent, for whom profits from informal trade often constitutes the sole source of earnings and economic empowerment. Women informal cross-border traders sustain their family livelihoods and contribute to their country's economy. However, they suffer from undue taxation and poor working conditions, and have limited access to credit facilities, transport services, information on market opportunities, trade rules and regulations, and storage facilities. However, support measures for women informal cross-border traders can constitute an area where gender and aid for trade initiatives can play a key role. Indeed, initiatives should focus on the facilitation of women and girls in the trade and services sector by providing training, as well as building capacity to access skills, information, network and credit for improved delivery and higher level of competitiveness. Such factors can enhance women's economic potential while promoting a formalisation component in their trading activities.

## Unsung heroes with untapped potential?

According to the World Bank report *Defragmenting Africa: deepening regional trade integration in goods and services*, Africa is not achieving its potential in regional trade. This unrealised potential is highlighted by the fact that a significant amount of informal cross-border trade does take place between African countries. The report mentions that 85 percent of cross-border traders are young women in the Great Lake region. Studies suggest trade provides women with 60 percent of non-agricultural self-employment in sub-Saharan Africa, and they play a key role in addressing vital livelihood issues such as food and income security. Official sources report an average value of informal cross border trade in the SADC region of US\$17.6 billion per year, 70 percent of which is traded by women. Informal cross-border trade is mainly conducted by individual women traders and micro-, small and medium-sized enterprises and often consists of small consignments. An important proportion of the monitored informal trade flows concerns agricultural products (e.g., maize and rice), the second category of small business activities includes consumables such as sanitary products, medicines, footwear and textiles. It is estimated that the majority of women traders are small-scale traders who depend on the modest profits generated from their trade.

Women informal cross-border traders sustain their family livelihoods and contribute to their country's economy. Recently, they have cushioned the effects of the financial and the food crises, as demonstrated in a 2009 report conducted by the International Labour Organization (ILO) in Uganda. The illegality of trade prevents women traders from securing recognition from formal government structures as important traders, which leaves their contribution unrecorded and therefore not recognized or documented. Women informal traders are incited to escape trade-related regulations and duties when important price disparities arise between formally and informally traded goods in the importing country due to high levels of import and export duties on selected commodities. In addition, the fact that officially traded-goods might be subject to complex, non-transparent or divergent regulatory requirements (e.g., customs facilities, technical regulations and sanitary standards) that contribute to high transaction costs, arbitrary applications of trade laws and regulations at the borders constitute additional factors facilitating the conduct of informal trade.





Share of women among informal cross border traders in Sub-Saharan Africa

### Which role for gender and aid for trade initiatives?

The case of cross-border trade along Kenya - Uganda and Rwanda - Burundi borders comes under the spotlight in relation to the need to create an enabling environment for cross-border women traders. The Protocol establishing the East Africa Customs Union mentions the special role of women in trade in its Preamble and under its Objectives, which mandate the Union to mainstream gender in its different programmes. However, women informal cross-border traders across the region do not use available formal systems and structures for



most of their trade-related activities, making it difficult for initiatives such as the East African Community (EAC) and the Customs Union Protocol to have any significant impact. The main reason why women traders lack confidence towards the Protocol is the fear of taxation, women traders being familiar with the actual non-application of the stated official rate of taxation. Women traders along the Rwanda - Burundi borders experience few problems of bribes because their goods pass mainly along unofficial border routes. Moreover, women traders show little evidence of knowing the Customs Union Protocol, and face the current lack of clarity concerning the use of national identity cards. Another major problem for small female traders resides in the revision of local by-laws in border towns to bring them in line with the Customs Union Protocol and the spirit of other EAC agreements. In these circumstances, in order for women traders to realise their full trade potential and trust in formal cross-border trading structures, individual countries should provide assistance measures and an increased access to trade facilities and services thus enabling them to fully take advantage of the opportunities created by the Customs Union.

Considering the factors facilitating informal cross-border trade, a working paper elaborated by the Organisation for Economic Co-operation and Development (OECD) formulated recommendations to governments, such as diminishing the costs of formal importing/exporting; enhancing compliance levels with existing regulations; and improving trading opportunities and services for traders in the formal sector. Additionally, governments could reduce informal cross-border trade by:

- Simplifying and reducing documentation requirements and formalities
- Lowering the levels of fees and charges for importing and exporting
- Expediting the release and clearance of goods from customs custody
- Enhancing transparency and predictability of trade-related regulations and fees
- Improving border agency coordination
- Enhancing efficiency of controls at the border in order to lower the incidence of corruption

Women informal cross-border traders need assistance measures to comply with existing trade regulations as strong incentives towards formalisation. In this regard, it is worth mentioning the ambitious programme carried out by Economic Commission for Africa (EAC) partner States, focused on mainstreaming gender into trade policy in EAC partner States. This initiative comes as a response to the reality that women constitute the larger proportion of those who practice the small scale cross-border trade in East Africa region. The actions considered include facilitation for women and girls in the trade and services sector by providing training, as well as building capacity of women to access skills, information, network and credit for improved delivery and higher level of competitiveness.

Support measures for women informal cross-border traders can constitute an area where gender and aid for trade initiatives can play a key role. Current aid for trade initiatives to

facilitate trade across borders currently focus on facilities and services for formal traders. There is scope for aid for trade to include improvements in border and customs procedures that accommodate the needs of women informal traders, as highlighted in a Canadian International Development Agency (CIDA) guide for practitioners working on gender and aid for trade initiatives. This guide identifies several areas of interventions, including:

- Capacity building for women's business associations, including associations and cooperatives representing female informal traders, to articulate interests and needs;
- Extended trade-related infrastructure (transportation, processing and storage);
- Capacity-building for women informal cross-border traders on trade rules (the existence of multiple regional trade agreements makes it difficult for small traders to know the rules), tariff regimes and standards (for example, consideration of group certification as a way to reduce high costs to smaller producers), and information and communication technologies;
- Access for women informal traders to trade finance and multiple border agency requirements.

These support measures for women informal traders mentioned previously were emphasized during the First Annual Women in Cross Border Trade Conference which took place in Liberia in 2010, an event which saw the establishment of the Women in Cross Border Trade Association in Liberia.

### Conclusion

Any policy aimed at improving informal traders' activities should include a formalisation component that takes into account the scale of their activities and the standard of living of women traders. This formalisation component would facilitate an increased social and economic security by both extending social and labour protection to previously excluded workers and, at the same time, offering increased opportunities for enterprise development support and higher productivity to be delivered. Aid for Trade initiatives focused on building capacities of women informal traders in the areas of trade rules, tariff regimes and standards, access to finance, trade-related infrastructure and communication technologies could constitute a good tool to enhance their trade potential and have a positive multiplier effect on poverty reduction, economic growth, government revenues and employment creation in the sub-region.

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## LAST WORD

# Ending food insecurity in Africa!

Cheikh Tidiane Dieye

*The frantic search for solutions to food insecurity implies, beyond regional endeavors, measures that create conditions for a sustainable economic transformation underpinned by the food industry.*

By restarting the debate on food security in Africa, an issue that has been dealt with widely and in great detail, I do not wish to focus primarily on this idea. My aim is rather to connect it to some of the ongoing initiatives and processes on the continent that are trying to create the conditions necessary for sustainable African economic transformation. Food security is connected to physical and economic access to food, that is to say the idea of availability of foodstuffs on the markets and the purchasing power of the population. Not only does it relate to the fields of agriculture and agribusiness, it is also linked to all the other sectors that are more or less connected to the economy and productive areas. From this point of view, its efficiency can thus be ensured either through internal production or through the financial market by importing food products. However, the best approach is not necessarily favouring one of these options *a priori*. It is finding a balance between the two.

A common issue in Africa is the marginalisation of internal products, replaced by imported food products. The underlying argument for this choice is that the theory of comparative advantages supposedly predisposes African countries to produce and export staple products in order to generate currency, which would then be partly used to buy low-cost food on the global market. Not only has this strategy shown itself to be irrelevant, it has also had



disastrous consequences for many countries. Indeed, it has not only weakened their internal capabilities but also heightened their vulnerability towards shocks on the internal markets. Indeed, as single export products were favoured at the expense of subsistence agriculture, confined to a secondary role, African populations became increasingly dependent on the global markets – markets for which African countries do not control the prices, the channels or the mechanisms.

Recent food crises have shown the urgent need to shift paradigms. What I mean by this is to reverse the development programmes, choices and strategies that have been “back to front” until now. The idea is to return to an orthodox development process, which is the path that almost every developed or emerging country has trod: developing internal production capacities; transforming economic structures rather than adjusting them; and organising and regulating internal markets, especially regional markets for agricultural produce, among others.

Any analysis that aims at allowing Africa to face current or future crises must take into account the fact that the causes of these crises are also connected to structural factors, not just cyclical factors. These factors are driven by trend data that will continue if the appropriate measures are not taken.

Let's focus on three of these factors. First, there is the growing population and its effects on the supply of food products. According to the well-known economist formula, when

demand exceeds supply, prices increase, and vice versa. Now, global population is growing, and with it, so is demand for food products. Global population will go from seven billion in 2008 to nearly eight billion in 2025 and will almost reach nine billion in 2050. ECOWAS estimates that, based on current population growth, food production will need to be increased by 10 percent every three years in West Africa for supply to meet the growing demand inherent in population growth. However, these statistics do not take into account the population's improved living standards. Second come the effects of climate change on production, harvests and stocks of food products. Global warming has had a significant impact on both the availability and price of agricultural products. Finally, there is the competition created by biofuels and its corollary – land-grabbing – especially for farmland.

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*A common issue in Africa is the marginalisation of internal products, replaced by imported food products.*

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I could certainly continue this list, but that is not the aim of this article. What I am trying to show is that, even though it is difficult for African countries to act on elements that are a consequence of choices made by others, they can make decisions that will mitigate or avoid future crises. I will not reiterate the enormous potential that the African continent holds, both in terms of agro-food and agribusiness production, which have been poorly tapped into up until now. By adopting the right policies – like those put in place by Asian countries over the past few years – African countries would not only be able to meet their food requirements, thus ensuring both food safety and food sovereignty, but would also be able to take their place in the global value chains by transforming agricultural commodities.

West Africa has started to implement its common agricultural policy, one of the elements of which is the promotion of food security and nutritional security for vulnerable populations. This programme had been implemented on the state level through national agricultural investment plans (NAIP). The instruments seem to be there. All that is needed now is a strong political vision and the desire from the states to synergise the different tools they have put in place to help them fulfil their mission of ensuring food security. The importance of intraregional trade to respond to the population's increasing food needs and to build the resilience of food systems is well known. ECOWAS' protocol on the free movement of people and its trade liberalisation scheme are still poorly applied and do not allow for the creation of an open, integrated regional market for food products.

On the continental level, the consultations carried out over the past few years have shown that African states have not yet made the most of their potential for growth and development based on the transformation of agricultural produce. A report published in March 2013 by the World Bank showed that the African states could generate up to 1,000 billion dollars by 2030 through the transformation of agro-food products.

In their economic report on Africa 2013, the Economic Commission for Africa (ECA) and the African Union (AU) recently showed that, by carrying out structural transformations and creating value, African countries could make the necessary changes that would not only allow them to solve their internal food problems but also to gain important shares in international value chains. The ECA specifically showed that transforming agricultural commodities held huge potential in terms of added value and commercial exploitation. Two directions are recommended in order to reach this objective: (i) massively investing in agricultural production and modernising infrastructure, especially in rural areas, and (ii) broadening the national and regional markets for inputs. This option would allow them to make economies of scale by establishing backward linkages related to the local production of inputs such as fertilizer, light equipment and spare parts, maintenance and repairs, etc. as well as specialised service providers such as certifying bodies, laboratories and business support providers, among others.



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## WORLD TRADE ORGANIZATION

## WTO members choose Brazil's Azevêdo as next Director-General

*Brazilian diplomat Roberto Carvalho de Azevedo has won the race to become the new Director-General of the World Trade Organization.*

**R**oberto Carvalho de Azevêdo has won the position of WTO Director-General, officials announced on May 8, beating Mexico's Herminio Blanco for the high-profile role.

"Azevêdo carried the largest support by members in the final round and has consistently done so in each round; and, he enjoyed support from members from all levels of development and from all geographic regions and has done so throughout the process," said the General Council Chair, Shashid Bashir, in his report. The global trade body met to formally sign off on the result at a special meeting of the General Council on 14 May.

The choice of Azevêdo - who has spent the past five years as his country's ambassador to the global trade body - was welcomed by Brazilian President Dilma Rousseff, who called the news a win for the WTO.

While the process was conducted confidentially, reports had surfaced in the past few days that the US was planning to back Blanco, while the EU resolved an internal split that ultimately led to their backing the Mexican candidate as well. Both the US and EU, however, made clear that they would accept either nominee. Meanwhile, Azevêdo had reportedly proved to be more popular among the emerging and developing economies.

During the campaign, the Mexican candidate Blanco and the Brazilian Azevêdo had both sought to dispel the notion that they were either the "rich country" or "developing country" candidate, noting in recent statements that they each enjoyed broad support from a range of countries at all levels of development.

### Insider perspective vs. outsider background

Who would win the high-profile post has been a hot topic in both Geneva circles and in the international media, with pressure building in the past week as each candidate pushed to make known why he would be better suited for the job.

Before becoming Brazil's Ambassador to the WTO in Geneva, Azevêdo was posted in Brasilia as his country's Vice Minister for Economic and Technological Affairs, acting as Brazil's chief Doha Round negotiator and supervising trade talks conducted under the South American customs union Mercosur. Prior to that, he was Brazil's chief litigator in various WTO disputes, and both served on and chaired dispute settlement panels.

Blanco had previously served as his country's trade minister from 1994 to 2000, and was Mexico's chief negotiator for the North American Free Trade Agreement (NAFTA). Since concluding his time with the Mexican government, Blanco has spent the last 12 years in the private sector, advising governments, corporations, and international organisations.

While Blanco's public comments in recent weeks focused on his outside perspective and insights from his private sector work, Azevêdo stressed the importance of being familiar with the Geneva scene and the intricacies of the recent negotiations.

Trade observers such as Simon Evenett, an economics professor at the University of St. Gallen in Switzerland note that Azevêdo's status as a Geneva insider could, while having



some benefits, also have its disadvantages. "He clearly knows everyone, and he's clearly well-liked, so that must help," he commented to Bridges. "But being in Geneva so long can also narrow one's frame of options and creativity, so that's the downside as well."

### **Six-month process**

The process to pick a new head for the Geneva-based trade body had kicked off in December, when nine of the organisation's members submitted candidates for the post - making it the biggest field in the WTO's history. It was also the first race to feature three women vying for the job.

Along with Azevêdo and Blanco, the original nine had also included Anabel González of Costa Rica, Alan Kyerematen of Ghana, Amina Mohamed of Kenya, Mari Pangestu of Indonesia, Ahmad ThouganHindawi of Jordan, Tim Groser of New Zealand, and Taehoo Bark of South Korea. All nine, with the exception of Groser, hailed from members that are self-designated as developing countries at the WTO, though Korea and Mexico - like New Zealand- are considered developed in other forums such as the OECD.

All candidates made formal presentations to the membership at the end of January regarding their visions for the future of the organisation. Since April, Shashid Bashir together with Dispute Settlement Body Chair Jonathan Fried of Canada and Trade Policy Review Body Chair Joakim Reiter of Sweden conducted consultations with members with the aim of whittling down the field to one person around which the membership could build consensus.

The first round of consultations had led to the elimination of the Costa Rican, Ghanaian, Jordanian, and Kenyan candidates, after they were unable to gain sufficient support from the membership to move to the contest's next stage. The second round then saw Indonesia, New Zealand, and South Korea exit the race. Under the selection guidelines for WTO DG, members had until 31 May of this year to pick Lamy's successor.

### **Bali countdown**

Azevêdo will take office on 1 September, after the term of current Director-General Pascal Lamy ends on 31 August. The WTO will then be holding its Ninth Ministerial Conference in the Indonesian province of Bali in early December, giving the incoming trade chief just a few short months to get settled into his new role.

WTO members are currently working to prepare a small package of deliverables from the Doha Round negotiations in time for December's conference, in what would mark the first major advance in years for the notoriously difficult talks. The planned package would, if successful, include an agreement on trade facilitation, as well as components involving agriculture and issues of interest to developing and least developed country members.

"Being appointed Director-General of the WTO in the summer of 2013 is a little bit of a 'mission impossible'," Jean-Pierre Lehmann, a professor of political economy at the IMD business school in Lausanne and founder of the Evian Group economic governance think tank, commented to Bridges.

Azevêdo, he noted, will face the challenges of increasing US engagement at the negotiating table, while healing the North-South rift among the WTO's members and helping restore the organisation's relevance. "The Doha Round was launched in 2001 - and between 2001 and 2013 the world has changed beyond recognition, practically," Lehmann said.

The full article can be read at <http://bit.ly/YG0LRn>

## WORLD TRADE ORGANIZATION

## “Rapid acceleration” needed to ensure results at WTO Ministerial, Lamy Warns

*With the WTO's ministerial conference in Bali, Indonesia, fast approaching, members must adopt a “change in mind-set” if they are to complete their negotiations on a package of Doha Round deliverables in time, Director-General Pascal Lamy warned at the 11 April TNC meeting.*

WTO members have spent the past several months working to extract an abridged package of deliverables from the overall Doha Round of trade talks, which were formally declared at an impasse in December 2011. The proposed “mini-package” would, if completed, include an agreement on trade facilitation, along with agriculture-related components and a few deliverables of relevance to developing and least developed countries.

However, speaking to members at the 11 April meeting of the Trade Negotiations Committee (TNC) - which is tasked with the Doha Round talks - the Director-General noted that the current preparations for the December gathering in the tropical Indonesian island are not moving quickly enough.

“Assuming my diagnosis is right, the stark reality is that the current pace of work is largely insufficient to deliver successfully in Bali,” Lamy said. “This means that without rapid acceleration and real negotiations, it is highly probable that you will not see the deliverables you desire in Bali.”

However, he cautioned against members assigning blame to one another for the slow movement in the talks, stressing that such an attitude would be counterproductive.

### Developing country, LDC issues

The third “pillar” of a Bali package would include provisions of relevance to developing and least developed countries (LDCs). Those discussions have primarily centred on three clusters of topics: a Monitoring Mechanism, the 28 proposals from the WTO's 2003 Ministerial Conference in Cancún, and six Agreement-specific proposals involving special and differential treatment (S&DT).

The 28 Cancún proposals were part of a group of 88 proposals aimed at strengthening the S&DT provisions in various WTO agreements. These 28 were agreed in principle ahead of the WTO's 2003 ministerial conference in Cancún; however, they were ultimately not harvested.

While sources say that discussions regarding six of these proposals are making progress, disagreements have arisen over whether the other 22 proposals should be agreed “as is” - in other words, using the existing language from Cancún - or modified in some respect.

Meanwhile, the so-called Monitoring Mechanism under discussion would, if agreed, review the functioning of provisions in WTO rules for special and differential treatment in favour of developing countries. Negotiations on the proposed mechanism date back over ten years; however, disagreements remain over the mandate of such a scheme.

Meetings on the six Agreement-specific proposals - which deal with the Sanitary and Phytosanitary Measures (SPS) Agreement and Import Licensing Agreement - have also continued in recent weeks.

The prospects for those issues that affect the poorest WTO members are still unclear, sources say, with members still awaiting proposals from the LDC Group on topics such as

duty-free quota-free market access, rules of origin, and cotton. Ambassador Steffen Smidt of Denmark has been appointed by Lamy to serve as a facilitator for the LDC component of the Bali package.

How to operationalise the LDC services waiver agreed at the last ministerial in 2011 is another topic that remains undecided, sources say. Members are also examining a possible extension to LDCs' waiver for implementing the WTO's intellectual property agreement, given that the current waiver expires this July.

### **Trade facilitation**

An agreement on trade facilitation, which deals with easing customs procedures and cutting time at border crossings, would be the centrepiece of any package agreed for the December ministerial. Negotiators are currently working to eliminate the remaining brackets in the current text of such an agreement, which is now on its 15th draft.

Lamy urged members on April 11 to consult with their capitals and ensure that coordination occur among all relevant ministries - not just those that deal with trade - in order to ensure the negotiations succeed.

In March, the chair of the trade facilitation talks established a so-called "Friends of the Chair" process to complement the facilitator-led discussions that have been conducted to date, after finding that efforts to whittle down the 600-plus remaining brackets in the draft agreement were moving too slowly. This new process is already underway, with the four "Friends of the Chair" - Michael Stone of Hong Kong, Ambassador Mario Matus of Chile, Ambassador Remigi Winzap of Switzerland, and Ambassador Yonov Frederick Agah of Nigeria - reporting to an informal meeting of the trade facilitation group on Monday on their recent efforts in this area.

### **Agriculture**

Meanwhile, the process to determine which components of the WTO's farm trade talks should make it into the final Bali package has also faced its own hurdles, Lamy noted - a sentiment that various delegates speaking to Bridges shared.

The items currently being discussed as possible agriculture deliverables include a proposal from the G-20 coalition of developing countries regarding how countries manage tariff rates quotas, or TRQs - which are used by some countries to charge higher tariffs on goods being imported after an initial quota has been filled. Consultations on the G-20 proposal "have highlighted that members continue to see this as a useful one to explore for possible decision in Bali, even though there are sensitivities in relation to some aspects of the proposal that members have not yet settled," the Director-General reported during the meeting.

However, Lamy noted, "significant divergences" remain around another agriculture proposal on the table that has been raised by the G-33 coalition of developing countries. The G-33 proposal would ease farm subsidy rules on food stockholding purchases - a suggestion that many developed countries have warned could create dangerous loopholes in WTO rules.

Specifically, some have said the plan would effectively permit members to include unlimited amounts of market price support in the WTO's "green box" - which is reserved for subsidies that cause no more than minimal trade distortion - and have asked instead whether the existing disciplines would allow members to achieve their food security objectives.

### **Failure at Bali could spell doom for Doha, some members warn**

Various members - including the US, Japan, Norway, and China, among others - stressed that a failure to conclude a package in time for Bali could have broader implications for the overall Doha negotiations, and the credibility of the multilateral trading system as a whole.

The next TNC meeting will then be held on 31 May.

# The newsroom

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## Calls for extension of TRIPS for LDC's

The WTO member states gathered on March 5th and 6th 2013 in Geneva to discuss an appeal from Less Developed Countries for WTO members to consider extending a transition period before the rules contained in the TRIPS (agreement on Trade Related Aspects of Intellectual Property Rights) take effect.

While the start of the transition period initially agreed upon was set for January 1st 2006, LDC's had managed to defer it until July 1st 2013, following a decision approved by member states on November 29th.

This new request implies that the constraints remain and that a new rescheduling seems essential. Awake to the fact that these LDC's need more time to overcome the constraints associated with implementation, members agreed to prolong the transition period, normally set to expire in July this year. No decision has yet been reached however on a new deadline with the council set to consult members before June, a month before the current deadline.

WTO negotiators point to the fact that TRIPS recognises the need for LDC's to receive special attention when it comes to Intellectual Property (IP) by allowing for a flexible approach. Based on article 66.1, which provides for transition periods in LDC's, they are able to apply for a transition period and the extension of an existing one, depending on their needs and development imperatives.

A request aiming to extend the transition period for as long as LDC members are considered LDC's was presented to the TRIPS Council in November 2012 by several hundred civil society organisations who defend those who would suffer from the consequences. A new deferral would also present significant breathing space for LDC's who remain strained economically, financially and administratively. It allows for an additional period during which the poorest countries would be exempt from applying stringent rules imposed by TRIPS in terms of IP, enabling continued easy access to generic drugs.

## End of UK bilateral aid to South Africa in 2015

The UK aid programme to South Africa, currently worth £19m, will end in 2015, announced International Development secretary Justine Greening. UK is moving toward accepting the African nation's relatively stable economic status, however this decision triggered sharp reactions from south African officials.

According to the UK Government, the two countries will begin a new relationship based on sharing skills and knowledge, not on development funding, in recognition of the progress South Africa has made over the last two decades. The country now accounts for over a third of sub-Saharan Africa's gross domestic product (GDP) and is a member of the BRICS (Brazil, Russia, India, China, South Africa) group of emerging economies and the G20.

"I have agreed with my South African counterparts that South Africa is now in a position to fund its own development. It is right that our relationship changes to one of mutual cooperation and trade (...)" said Greening.

"This is such a major decision with far reaching implications on the projects that are currently running and it is tantamount to redefining our relationship" the Department of International Relations and Co-operation said in a statement.

"The UK government should have informed the government of South Africa through official diplomatic channels of their intentions."

UK officials said in return that they had had "months of discussions" and "many meetings" with their South African counterparts prior to the decision. UK foreign Secretary William Hague responded to the accusations of Pretoria saying "No doubt there is some confusion, or bureaucratic confusion about that perhaps on the South African side. But I am not going to fling accusations about that."

The UK move coincides with South African efforts to tighten diplomatic ties with emerging nations, for example China and India. South Africa joined the BRICS group in 2010, however, economically speaking it remains the minnow of the group.

## South Africa - EU in citrus fruit disease dispute

A dispute between South African fruit exporters and EU officials has resurfaced concerning EU phytosanitary import restrictions on citrus fruit. The Citrus Black Spot (CBS), a common and benign fungal infection, renders the infected fruit unmarketable and severe import restrictions were launched in 1992 and 2000 by the European Economic Community and EU respectively.

The South African view is that the current restrictions are more stringent than technically justified, based on an increasing amount of scientific evidence upheld by the [Department of Agriculture, Forestry and Fisheries \(DAFF\)](#).

Since 2012 the EU expect full compliance with the EU phytosanitary measures and a threshold of not more than 5 interceptions for CBS in one trading season has been set up. In case of failure, the EU would consider initiate the procedure of safeguard measures against citrus fruits from SA.

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## Tensions brewing over Rooibos in South Africa

Rooibos is the subject of a trademark fight since a French firm Compagnie de Trucy tried to trademark the name last year. South African authorities objected to the registration of the term Rooibos and applied to register the term as a Certification Mark under the South African Trade Marks Act, under which a registration serves as the basis for international protection granted to Geographical Indications.

GIs are becoming a useful intellectual property right for developing countries because of their potential to add value and promote rural socio-economic development. Most countries have a range of local products that correspond to the concept of Geographical Indications but only a few are already known or protected globally for example: Basmati rice or Darjeeling tea.

Local industries cannot legally prevent other foreign companies trademarking terms such as "rooibos" as they have not registered the necessary trademarks, often because of the high costs.

## Renewal of the EU-Seychelles fishing partnership agreement

The European Union and the Seychelles discussed, on 15-17 April 2013, the renewal of the Protocol to the Fisheries Partnership Agreement, which is set to expire in January 2014.

This fisheries agreement allows EU vessels mainly from Spain, Portugal, France and Italy to fish in the Seychelles waters and is part of the tuna network fisheries agreements in the Indian Ocean.

Earlier in March, both sides agreed on the need for continuity of the current Protocol so that fishing activities could continue in the Seychelles Exclusive Economic Zone without interruption. The second round of discussions, which took place recently, focused on issues such as fishing opportunities and financial compensation.

According to the EU, negotiations were conducted in an open and constructive atmosphere which enabled progress to be made towards the finalisation of the new Protocol.

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## Obama proposes food aid reform

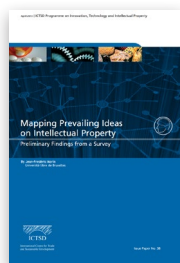
A federal budget submitted by the Obama Administration to the US Congress last Wednesday would - if approved - include a sweeping overhaul of US food aid. Specifically, the proposal would sharply curb monetisation - the sale of in-kind food aid by development organisations tasked with delivering the assistance.

In addition, the [proposed reform](#) would expand the ability of the US Agency for International Development (USAID) to help those in need more efficiently through cash transfers and other best practices, thereby increasing the reach of its food relief programmes to four million additional people.

USAID, however, will still be obliged to spend 55 percent of its US\$1.4 billion in total funding for emergency food assistance on US commodities, shipping, and other costs. The budget plan will, however, have to be approved by Congress before the changes can take effect.



# Publications and resources



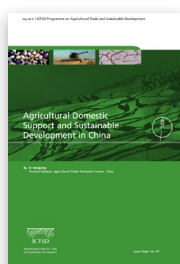
## Mapping Prevailing Ideas on Intellectual Property Preliminary Findings from a Survey, ICTSD - April 2013

This report examines an overlooked yet critical dimension of global IP governance: where do IP ideas and beliefs originate and how are they transmitted? This is the first empirical study that seeks to answer these questions presenting the findings of a survey completed by more than 1600 IP professionals, and drawing some policy-relevant implications. <http://bit.ly/10fGaxe>



## Global Challenges and the Future of the WTO, ICTSD - April 2013

This publication is the product of a process initiated by ICTSD to help gain a better understanding of the future of the multilateral trading system. In this context, ICTSD called upon those vying for the WTO's Director-General position for their authoritative input on the issue. <http://bit.ly/128c2YP>



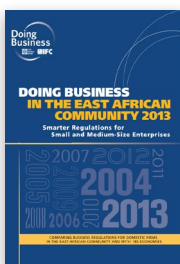
## Agricultural Domestic Support and Sustainable Development in China by Ni Hongxing, ICTSD - May 2013

China's fast-growing farm subsidies have generated new interest in whether these programmes can help achieve public policy goals, without distorting trade and production. This study, by Ni Hongxing, finds that agricultural support could help boost low rural incomes and tackle food insecurity, but calls for more attention to be paid to environmental sustainability. <http://bit.ly/ZLIXEe>



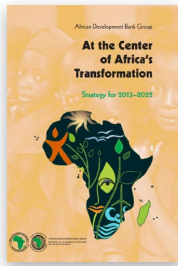
## China's Development Finance to Africa: A Media-Based Approach to Data Collection, CGD - April 2013

China's presence in Africa is, beyond dispute, large in both trade and what can be called official finance to Africa. But how large, exactly? A new database from the College of William and Mary brings additional resources to help answer the question. <http://bit.ly/16dzDeZ>



## Doing Business in the East African Community, IFC- World Bank - May 2013

The year 2011/12 saw improvements to the business environment in all five economies making up the East African Community— that is, Burundi, Kenya, Rwanda, Tanzania and Uganda. The EAC saw its 5 governments implement a total of 9 regulatory reforms last year to improve the business environment for local businesses and encourage entrepreneurship in the region. Continuous improvement of the business environment is important for economies seeking to benefit from increased trade and investment through regional integration. <http://bit.ly/13ezwww>



### At the Center of Africa's Transformation Strategy for 2013–2022, AfDB - April 2013

The African Development Bank's Strategy for 2013–2022 reflects the aspirations of the entire African continent. It is firmly rooted in a deep understanding and experience of how far Africa has come in the last decade, and where it wishes to go to in the next. Africa has embarked on a process of economic transformation. This process has seen solid and sustained growth over a decade, but it has been uneven and without a sufficiently firm foundation, and it is not - by any estimation - complete. <http://bit.ly/15FsPYb>



### E-commerce in Developing Countries, WTO – April 2013

E-commerce and mobile telephony have transformed the lives of many people in developing countries. This brochure investigates both the opportunities and the challenges facing developing countries and assesses how issues concerning adequate levels of telecoms infrastructure, regulation and investment either help or hinder SMEs from finding new opportunities through e-commerce. Case studies help to illustrate that much of the support to e-commerce depends on having or providing the right infrastructure, regulations and the policy mix allowing e-commerce to thrive. <http://bit.ly/ZMWD0s>



### Payoff From the World Trade Agenda 2013, ICC Research - April 2013

Contrary to many observers, we do not abandon the Doha development Round as a lost cause. Instead, this report takes a fresh look, and assesses the potential payoffs from seven agreements that could be concluded in 2013 and ratified in 2014. We use three metrics to quantify potential payoffs for the world: export gains, jobs supported, and GDP gains (or losses averted). The concept of "jobs supported" through larger exports of goods and services is not equivalent to "jobs added," since two-way trade expansion generally affects the composition of a nation's employment rather than its absolute level, shifting the labour force from less to more productive sectors of the economy. <http://bit.ly/12dsiqj>



### LDC Issues at Bali, IDEAS Centre - 6 May 2013

This newsletter is aimed at proposing analyses and outlining avenues for reflection on topics and concerns of importance for least developed countries in the run-up to the WTO's Ninth Ministerial Conference in Bali, Indonesia this December. Subsequent editions will be published as the ministerial approaches. <http://bit.ly/13sHm5W>



### Disaster Risk Management in Post-2015 Development Goals: Potential Targets and Indicators, ODI - April 2013

Disasters can hamper economic growth, affect poverty levels and cause human suffering. Without significant action, the extent and impact of economic and social damage associated with disasters will get worse over the next 20 years, largely as a result of growing exposure of people and assets. This has the potential to reverse development progress in hard-hit areas. <http://bit.ly/11MUBwR>

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